FBIS DAILY REPORT

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CATAGENA GROUP SEEKS FORUMS ON DEBT ISSUE

PY261540 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Apr 85 p 47

[Excerpt] Brasilia -- The Cartagena group wishes to use all possible forums to debate the Latin American foreign debt issue. This method gained new and important support during a meeting held yesterday at the Colombian Embassy in Brasilia among member countries of the Cartagena group. Brazil was not represented because Foreign Minister Olavo Setubal had already discussed the main points reviewed yesterday with the visitors who attended the funeral of President Tancredo Neves.

The suggestions of the Cartagena group will be directed to the economic conference of the wealthy countries scheduled this week in Bonn. The idea is to recommend that issues such as the foreign debt, trade, and financing are discussed within a global perspective of development problems.

Present at the meeting held yesterday were Colombian President Belisario Betancur, Venezuelan President Jaime Lusinchi, Uruguayan President Julio Maria Sanguinetti, Argentine Vice President Victor Martinez, Bolivian Foreign Minister Edgar Omiste Camacho, Peruvian Foreign Minister Luis Percovich, and Chilean Foreign Minister Jamie del Valle.

EXPERTS ON AREA CRISIS OPEN MEETING IN SANTIAGO

FL301804 Mexico City NOTIMEX in Spanish 1627 GMT 30 Apr 85

[Text] Santiago, 30 Apr (NOTIMEX) -- The meeting of experts on the crisis and its development in Latin America and the Caribbean began here today and will last until 3 May. Personages from the entire continent have arrived in this capital to participate in the meeting including, among the most important: Uruguayan Foreign Minister Enrique Iglesias, Argentine economist Raul Prebisch, Peruvian Vice President-elect Luis Alva Castro, SELA Executive Secretary Sebastian Alegrett, OAS Secretary for Economic Affairs Julio Cesar Gil Garcia, and Mexico's David Ibarra.

Speaking unofficially at the inauguration, Uruguayan Foreign Minister Iglesias said the problem of the Latin American debt has not been overcome or solved. The problem of the debt, he said, is not even about to be solved and I say this in absolute seriousness. The regional foreign debt is being administered but it has by no means disappeared. This is why, Iglesias said, the Latin American countries clamor for political dialogue with the industrialized countries, not to ignore the uniqueness of each case, not to evade the different realities of the separate nations, but simply because for us the debt problem is highly political. Latin America must not lose control of its economy, and this problem of control affects not only Latin America but also the developed world, he concluded.

In a statement to the press, Raul Prebisch said in reference to what he called the planetary crisis of capitalism that capitalism might begin to decay if it does not renew itself. He also said the continental foreign debt is a result of the irresponsibility on the part of both creditors and debtors that makes it necessary to make political decisions, establishing a general framework for postponing due dates, and greatly reducing interest rates.

INTERNATIONAL COURSE ON ENERGY PLANNING OPENS

PY262105 Paris AFP in Spanish 0312 GMT 26 Apr 85

[Text] Buenos Aires, 25 Apr (AFP) -- An international forum for training in energy planning in developing countries started here today with the participation of 35 nuclear specialists from Europe, the United States, and Latin America. Special emphasis will be placed on the nuclear field during the course.

The course is organized by the International Atomic Energy Agency [IAEA] and the Argentine Commission for Atomic Energy (CNEA) and is sponsored by organizations and governments such as the World Bank, the United Nations Natural Resources and Energy Department, France, the FRG, and the United States. The purpose of the forum is to give representatives of the developing countries a basic knowledge of energy planning, especially nuclear energy, and is designed for participants who are involved in the drawing up of their own country's energy program, whether or not this program includes nuclear components.

The course, which will last until 17 May and be held at the CNEA headquarters in this capital and at the Bariloche atomic center, 1,620 km southeast of Buenos Aires, will include conferences, round tables, workshops, research on specific cases, and technical visits to nuclear plants. Among the foreign professors attending the course are French professors V. Fremaux and G. Naudet; German professors A. Voss, a Reuter, A. Meliss, and E. Munch; U.S. professor T. Wolsko; and IAEA professors J.P. Charpentier and B. Csik.

OAS SECRETARY GENERAL OPPOSES MILITARY SOLUTIONS

FL250158 Bridgetown CANA in English 2132 GMT 24 Apr 85

[Text] Chicago, April 24, CANA -- The secretary general of the Organization of American States (OAS), Joao Clemente Baena Soares, said today a military solution to the Central American problem could have devastating effects on hemispheric relations. For this region, he said, it is of the utmost importance to support initiatives aimed at the peaceful settlement between conflicting parties.

Baena Soares said that it is necessary that Central American countries and all nations with interests in that area reach common bases of understanding conducive to a reduction of tensions and a positive and permanent solution to the crisis. Soares said the Contadora process by which Venezuela, Colombia, Panama, and Mexico are attempting to restore peace to Central America receives broad support from the international community. He said the goals of Contadora and those of the OAS for Central America are not in conflict.

He said in a speech to the Chicago Council of Foreign Relations that there is a growing political maturity in Latin America but it will not blossom without social and economic development. He said Latin America seems to have reached a level of political maturity which enables it to fulfill old aspirations of individual freedom and collective participation. But he said that, while determined to restore democracy, Latin American societies are fully aware that a solid economic basis is essential in the process of political reform. There will be no stability in our hemisphere unless we ensure increased levels of social and economic development...No solid peace is to be expected before underdevelopment is finally defeated. Soares said there are a few signs of an improving economy in the region but they are still only mathematical expressions of a still very incipient recovery in some of the largest national economies of our hemisphere and thus do not reflect a general trend.

CAPUTO REACTS TO BRITISH PRIME MINISTER'S REMARKS

PY301555 Buenos Aires TELAM in Spanish 2147 GMT 29 Apr 85

[Text] Buenos Aires, 29 Apr (TELAM) -- Foreign Minister Dante Caputo today again asserted that we are willing to resume bilateral relations with Great Britain, but never under the condition of relinquishing our aspiration to recover our sovereignty over the Malvinas Islands. Caputo made the statement before attending a cabinet meeting at Government House in answer to a question about British Prime Minister Margaret Thatcher's statement on resuming diplomatic relations with Argentina without recognizing Argentine sovereignty over the Malvinas. Caputo pointed out that Thatcher's proposal cannot be accepted because it would imply relinquishing sovereignty, which would be intolerable to the Argentine people.

Caputo was asked if Argentina is still willing to discuss this issue at the United Nations. He said: We are and I say it for the umpteenth time: The political dialogue should be resumed between the two countries to discuss all the problems between them. Caputo said: The basic problem, in our opinion, is Argentine sovereignty over the Malvinas Islands; therefore, the issue of sovereignty cannot be disregarded in bilateral relations. Caputo pointed out that disregarding sovereignty not only means putting Argentina in an unacceptable position, but also disregarding reality. It means reestablishing relations while ignoring and putting aside the main cause of friction and lack of understanding. Therefore, it is a question of realism and national interest.

Asked if some sectors in Great Britain have relaxed their position and are willing to talk, Caputo said: I believe that many British sectors are willing to hold an overall discussion of this problem the way we are trying to do, but I have the impression that the intransigent position is centered in the government.

MINISTER DEPARTS FOR TREATY CEREMONY IN ROME

PY302129 Buenos Aires TELAM in Spanish 1925 GMT 30 Apr 85

[Text] Buenos Aires, 30 Apr (TELAM) -- Foreign Minister Dante Caputo this afternoon departed for Rome, where he will sign and exchange the documents that ratify the peace and friendship treaty with Chile. Just before departing he remarked at Ezeiza International Airport that the "war economy" that has been announced by President Raul Alfonsin will positively influence international relations. "There will be no one in the world who will be left unaware of the difficulties that we are facing in our country," he added, "but the courage with which President Alfonsin has faced this problem has had a positive impact throughout the world." He also said that the country as a whole is decisively and courageously facing the problem and this is a demonstration of seriousness that is worthy of positive recognition in the international sphere.

SOVIET DELEGATION CHECKS GRAIN QUALITY CONTROL

PY301820 Buenos Aires DYN in Spanish 1055 GMT 30 Apr 85

[Text] Buenos Aires, 30 Apr (DYN) -- Agriculture Under Secretary Norberto Pasini has met with members of a Soviet technical mission who are visiting Argentina to find out about the Argentine system of grain quality control and sanitation. The Soviet delegation, which arrived just over 1 week ago and is returning to Moscow today, is made up of Yuriy Makarov of the Soviet firm Eksportlen, and two experts on grain quality control and sanitation. They were accompanied by the Soviet Embassy Commercial Attache Viktor Somov. Carlos Pinasco, vice president of the National Grain Council, and Argentine specialists in plant sanitation also attended the meetings

After their arrival, the Soviets visited several government installations for processing and shipment of grains to verify the quality control and sanitation of grains. They especially discussed prevention of problems related to plant sanitation as well as the control of weed contamination of exported grains.

It was later reported that the meeting with Pasini served to make a positive evaluation of the visit, and that opinions were exchanged regarding the preventive systems and quality control measures required by the Soviet Union for grain imports.

RADIO BELGRANO DECIDES TO DROP NEWS AGENCY MATERIAL

PY292355 Buenos Aires TELAM in Spanish 1704 GMT 29 Apr 85

[Text] Buenos Aires, 29 Apr (TELAM) -- Marcelo Montenegro, a member of Radio Belgrano's newscast staff, has stated that as of 1100 today the newscasts of LR-3 Radio Belgrano stopped disseminating any type of material that is supplied by the news agency NOTICIAS ARGENTINAS [NA], to which the radio subscribes, and that the rescission of the contract is under study.

Although Daniel Divinsky, the radio station's director, avoided any comment on the matter, it is believed that the station's decision was prompted by an NA dispatch referring to one of the station's most questioned programs, "Without Anesthesia." This program is conducted by Eduardo Aliverti, in which, according to the news agency, "daily communication is made with the Sandinist radio station of Nicaragua and with Cuba and Yugoslav radios."

At the present time, the only news service of the national information sector that is not being disseminated by Radio Belgrano is TELAM.

Alfonsin, Martinez Repudiate Attack

PY301550 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1925 GMT 29 Apr 85

[Excerpt] Buenos Aires, 29 Apr (NA) -- President Raul Alfonsin, Vice President Victor Martinez, and Ambassador at Large Hipolito Solari Yrigoyen today expressed their "most energetic repudiation" of the "vandalic attack" on Radio Belgrano. The attack was also repudiated by the Mothers of Plaza de Mayo who expressed solidarity with the radio station's board of directors and personnel. The secretary of public information, Emilio Gibaja, reported that Alfonsin expressed his "most energetic repudiation" of the attack on Radio Belgrano, and his "solidarity" with the radio station's personnel.

UCD HEADQUARTERS BOMBED, BRANCHES THREATENED

PY301311 Buenos Aires TELAM in Spanish 1047 GMT 30 Apr 85

[Excerpts] Buenos Aires, 30 Apr (TELAM) -- A powerful bomb exploded today at 0230 at the Democratic Centrist Union [UCD] headquarters in Quilmes, causing damage to the building and neighboring houses, but no one was injured. UCD leader and national Deputy Alvaro Alsogaray charged in a statement to TELAM that there is a campaign against the UCD. He said: It seems clear to me that it is being carried out by someone who does not want people to work within a democratic framework and who is annoyed by people who tell the truth. The deputy added that no specific threats had been made against the Quilmes branch, but three other UCD branches in Buenos Aires did receive telephone threats, so we did not expect this attack against the Quilmes branch.

PRODUCTION OF ATOMIC BOMB EXPECTED IN 1990

PY291615 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Apr 85 p 25

[By Leila Reis]

[Text] Brazil will have its atomic bomb in 1990. To attain this objective, several scientists are conducting a parallel nuclear program, independent of the agreement signed with the FRG and free of international safeguards. There is so much confidence in the program that a former military minister has given assurances that the bomb will be ready by the end of the decade.

Military sectors have justified the parallel nuclear program, which some people prefer to call autonomous, on the grounds that the developed countries are exercising pressure to prevent other countries, particularly Third World countries, from developing the technology of the complete nuclear fuel cycle. This cycle includes uranium enrichment, fuel reprocessing, and separation of plutonium.

The explanation for the decision to develop this technology, which will allow the country to build nuclear weapons, is based on the premise that if Brazil shows to the world that it can build the bomb, it will gain international prestige, just as India did in 1974.

The ability to build the bomb will give Brazil considerable power and political weight. Thus, the former minister believes that Brazil must show that it can build one by itself. Brazil does not need an atomic arsenal, because it is not embarking on a militarist policy. However, the source believes that it is important to detonate at least one bomb.

The first Brazilian nuclear blast might take place in an area in Cachimbo district in southern Para, where the Armed Forces Staff has maintained, since the 1970's, a large field for firing exercises and for missile and rocket launches, which has not been used yet. Another possibility is Martin Vaz Island, near Trinidade Island in the Atlantic Ocean, 1,200 km east of Vitoria.

The Brazilian bomb is being built in parts, that is, individual institutions are in charge of the development of each stage of the fuel cycle technology. The Navy is carrying out research on the fuel that will serve, in principle, for a submarine reactor. The Air Force is trying to develop nuclear fusion technology through laser techniques. No one has ever disclosed this part of the program.

The Navy is carrying out its research at the Institute for Nuclear and Energy Research [IPEN], as is described in an article on this page. The institute's facilities are located within the Sao Paulo University campus, in Sao Paulo. It is believed that the nuclear fusion research is being carried out by the Air Force Technological Center (in its Advanced Research Institute, IEAV) in Sao Jose dos Campos. Nonstaff are not allowed to enter either of these two institutes. Only the people in charge of the program have access to the areas where the research is being undertaken.

Rex Nazare, 47, the president of the National Nuclear Energy Commission, CNEN, has refused to allow FOLHA reporters into the IPEN facilities, "unless he was told what was to be published." IPEN is under CNEN jurisdiction. Nazare refused to reveal the progress of the Brazilian nuclear research, claiming that it involves "industrial secrets."

He said that wealthy countries (particularly the United States and the USSR) usually spy and try to sabotage the programs of the countries which move ahead by themselves. He cited several cases of scientists and high-level technicians who have been offered salaries of up to four times their current salaries to abandon some projects, for the sole purpose of delaying the program.

Nazare remarked that the Brazilian nuclear research has peaceful purposes and pointed out that the industrialized countries' refusal to provide enriched uranium, "even for laboratory experiments," has forced the country to undertake its own independent program.

In an attempt to deny any intention of using the nuclear research for military purposes, Nazare spoke about money: "Compared with the industrialized countries' budgets, ours is insignificant. The CNEN budget does not reach 100 billion cruzeiros, while in the 1940's, the United States spent $2 billion (at 1940 rates) on its nuclear project." The CNEN president added that the institution "has openly reported the research data and the fields of application." Asked when Brazil will develop the complete nuclear fuel cycle technology, Nazare, a physicist and nuclear engineer with a PhD from France's Sorbonne University, replied: "Apples had fallen to the ground for millions of years before Newton observed the phenomenon and concluded that apples fall because they are pulled by some agent, the law of gravity. This is the way these things happen, they are discovered by chance."

During an interview at the Aeronautics Club in Rio de Janeiro, of which he is president, General Waldyr Vasconcelos, 60, former Armed Forces Joint Staff (EMFA) chief said that "a country that wants to grow and that can grow because of its large territory and its great potential, must skip stages by investing in science and technology in order to preserve its sovereignty." On 10 December 1983, when he was EMFA chief, Vasconcelos told the newspaper O GLOBO that "any nation that wants to develop must carry out this (nuclear) research, and whoever develops the nuclear technology can build even a bomb. But the building of a nuclear bomb depends on a political, not a technical or scientific decision." He has stressed to FOLHA that "the political decision to build a bomb has not been made yet." Vasconcelos reiterated that the Brazilian nuclear program has peaceful purposes and recalled that the nuclear accord with the FRG was agreed upon "in the 1970's, when the Brazilian annual growth rate, which was 10 to 12 percent, gave rise to fears that hydroelectric energy might not be sufficient for the future."

This statement has been denied by a former military minister, who said that the nuclear agreement with the FRG was a pretext to allow Brazil to acquire uranium enrichment know-how.

COMPUTER SALES TO SOVIET UNION VIEWED

PY302210 Rio de Janeiro O GLOBO in Portuguese 27 Apr 85 p 20

[Text] Brasilia -- The industrialized countries are going to exert pressure on Brazil in an attempt to keep it from participating in the international call for bids to be made by the Soviet Union, which is interested in purchasing 70,000 microcomputers. This message was disclosed yesterday at the VII Regional Computer Congress by Claud Cellier, director of the French Foreign Industry and Commerce Ministry's International Affairs Department.

Cellier said that by calling for international bids, the Soviet Union intends to have access to the Western world's technology, which is banned to members of the socialist bloc. The Brazilian microcomputers include several components produced by the industrialized countries, therefore, Brazil cannot become a means of access to that technology.

Cellier said that the French Government does not impose any restrictions on the quantity or quality of imports, but it does restrict exports as do several European countries that participate in the technological embargo requested by the U.S. Government.

Henri Bustarret, director of the Industrial Affairs Department of the French Telecommunications Ministry, said that the cooperation programs between the Brazilian and French enterprises will be expanded in the areas related to telecommunications, software (computer programs), and supermicrocomputers. According to Bustarret, contact has already been established for this purpose with three Brazilian enterprises, but he refused to mention any names. Bustarret recalled that a cooperation agreement between the two countries was signed in 1975, but said that it needs to be intensified.

SARNEY MEETS COMMUNISTS, PROPOSES DIALOGUE

PY301657 Madrid EFE in Spanish 0144 GMT 30 Apr 85

[By Francisco Roque Bacarreza]

[Text] Brasilia, 29 Apr (EFE) -- In the first step he has taken to achieve the transformation of Brazil, President Jose Sarney this evening proposed a broad and urgent dialogue to realize the people's aspirations for socioeconomic and political change.

Sarney, the successor to the late President-elect Tancredo Neves, put forth the proposal during an audience granted to a group of leaders of the Brazilian Communist Party (PCB), a meeting that was regarded as historical. For the first time in the party's history, a delegation of Brazilian Communists visited at Planalto Palace (Government Palace) for an audience with the president.

The delegation, made up of four federal and eight state deputies, went to Government Palace to insist on the project to legalize the so-called clandestine (leftist) parties, banned during the 21 years of authoritarian military regimes.

Deputy Luis Guedes told EFE that to the delegation's surprise, Sarney proposed a dialogue with the participation of all political leaders, including the so-called clandestine parties, in order to design a project called "Brazil." Guedes said that the plan will help to achieve a general accord on the goals to be attained in the future, taking into account the people's wishes for socioeconomic and political change.

The Communist lawmakers achieved legal status under the banners of the Brazilian Democratic Mobilization Party (to which Neves belonged) and gained their seats in Congress without relinquishing their ideology.

Guedes pointed out that a dialogue between the leaders of all parties may allow the formulation of a plan which will guarantee the stability of the new Brazilian democracy and which will meet the people's demands. The Communists maintain that the legalization of the outlawed parties is a precondition for the convocation of a constituent assembly in 1986 to amend the Constitution and set new political rules.

Guedes reported that in their meeting with the president, the Communists proposed to negotiate a social pact that may turn into the proper framework for a dialogue that will guarantee internal peace and democracy.

The deputy told EFE that the social pact may allow workers and employers to engage in a dialogue, taking into account the wave of strikes affecting several areas, particularly the Sao Paulo heavy industries.

Tancredo Neves considered the social pact one of the immediate goals of his government.

Guedes said that the prevailing atmosphere favors a dialogue between the leaders of all parties and sectors, remarking that the people themselves laid the groundwork for this accord during the struggle for the restoration of democracy and during the vigil of national unity, as Neves struggled for his life for 39 days.

AGRARIAN REFORM, DEVELOPMENT MINISTRY CREATED

PY010151 Brasilia Domestic Service in Portuguese 2200 GMT 30 Apr 85

[Excerpts] President Jose Sarney today signed a decree creating the Agrarian Reform and Development Ministry. Agrarian Reform and Development Minister Nelson Ribeiro, in his speech, asked for everyone's cooperation in the reorganization of agrarian structure in Brazil.

SARNEY ADDRESSES NATION, ANNOUNCES SALARY HIKE

PY010050 Brasilia Domestic Service in Portuguese 2332 GMT 30 Apr 85

[Speech to the nation by President Jose Sarney on eve of Labor Day, from Planalto Palace in Brasilia, 30 April -- recorded]

[Text] I am taking this occasion to send a message to the Brazilian workers. Today, on the eve of 1 May, the day which recognizes workers, I affirm to the nation that only a joint effort between the people and the government can overcome the great challenges we have facing us at this time. The circumstances have brought grief and poverty, making more and more dramatic the situation we are experiencing.

The workers will always have to play a part in the general effort through which we will command the power to transform this country and our society. This is how I understand the miraculous combination of will and sentiments that, under the great and generous leadership of Tancredo Neves, ensured the blazing of a common path for the conciliation of the Brazilian family. This conciliation and hope cannot be disappointed.

I have just signed the decree doubling the minimum salary. This is the first step of a policy intended to gradually recover the loss in salaries, and at the same time it is the first step in a debt that cannot be repaid all at once. Our policy will have to be enacted in stages so as not to touch off an inflationary explosion that would make a mockery of our intentions.

Nothing erodes workers salaries more than inflation. So I ask that the percentage of the salary increase now granted not be construed as the abandoning of the objective to hold down inflation, but as a coherent position in favor of the poor. Equal treatment for all salary brackets would make a vital part of the policy favoring those who need the most, those who go hungry, those who live in poverty and in need.

The fight against poverty calls for giving priority to the most needy, that is, to those who earn a minimum salary. We have many debts, but none greater than the country's debt to its people, to those who work, not to mention to those who are unemployed, deprived of any salary, and even of human dignity. I will follow a policy to offer jobs to those who do not have them, a policy that will make possible the creation of new jobs.

A democratic, pluralistic, and open society has creative energies that can come forth under conditions of coexistence and freedom so that capital and labor together can create new standards of living. Thus, I believe, we cannot allow or tolerate the disruption of the relations between business and labor by violence. Violence only soils and distorts just demands, and it is just as unacceptable when exercised by the public power.

On this Labor Day, let negotiations be the path to solve all the social conflicts. Progress is not the accomplishment of one person working alone, but of all working together. Progress begins inside each of us. I want to call on the nation this day to consider this overview of the problems. Your president commits himself to being an attentive, serious, simple worker, willing to make any sacrifice to defend the country and its sovereignty. Thank you.

SARNEY OPPOSES DIRECT PRESIDENTAL ELECTIONS

PY301932 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Apr 85 p 1

[Text] President Jose Sarney opposes the idea of holding direct presidential elections next year. This idea has spread after the report that Mines and Energy Minister Aureliano Chaves, Sao Paulo Governor Franco Montoro, and Deputy Ulysses Guimaraes are planning for direct elections this or, at the latest, next year. Sarney feels that only the constituent assembly can establish the length of his term in office in keeping with the manifest entitled "Commitment to the Nation" which has been signed by the Brazilian Democratic Mobilization Party, PMDB, and the Liberal Front. According to journalist Clovis Rossi, presidential aides have downplayed the drive in favor of early elections. They claimed that the rumors were unleashed by Aureliano Chaves' advisers, who are dissatisfied with the secondary role they have to play in the Republic. The president's aides also believe that the idea has gained strength because it has received the support of "Tancredo's widows" [people whose position was weakened by Tancredo's demise].

Ulysses Guimaraes, president of the Chamber of Deputies and of the PMDB, yesterday formally stated that "it is too early" to discuss the length of the presidential term of office. According to Guimaraes, this is a job for the constituent assembly. He discussed the matter with Minister Aureliano Chaves, with whom he met late yesterday afternoon, who also denied having made the alleged remarks in favor of direct elections in 1986. "There is no point in proposing this sort of thing at this time. There are other priorities which deserve our attention," was Governor Franco Montoro's response to the news published in FOLHA DE SAO PAULO to the effect that he had traveled to Rio on 24 April to organize with Governor Leonel Brizola a campaign for direct elections this year. In Rio, Brizola urged that elections for the national constituent assembly be held simultaneously with presidential elections in 1986.

DELEGATION LEAVES FOR ROME TO SIGN PEACE TREATY

PY300334 Santiago Radio Chilena in Spanish 2330 GMT 29 Apr 85

[Excerpt] Nuncio Angelo Sodano and the members of the Chilean delegation to the mediation left for Rome today. The delegation, which is headed by Brigadier Ernesto Videla, will participate in the ceremony during which the peace treaty with Argentina will be signed.

Meanwhile, officials of the Foreign Ministry and the Argentine Embassy today stated that they have no official information regarding the alleged expulsion of 70,000 Chilean citizens residing in Argentina.

As we have stated, the Vatican nuncio and the Chilean delegation for the mediation left for Rome today. The delegation, which will be joined by Foreign Minister Jaime Del Valle tomorrow, will take part in the ceremony that will mark the implementation of the peace and friendship treaty with Argentina proposed by His Holiness. The pope himself will be present at this very important ceremony to be held in the Vatican on Thursday, 2 May, in the presence of the Argentine and Chilean foreign ministers and their respective delegations.

ARGENTINA MAY EXPEL 70,000 CHILEAN CITIZENS

PY291445 Santiago Domestic Service in Spanish 1100 GMT 29 Apr 85

[Text] Osorno Biship Miguel Caviedes has stated that about 70,000 Chileans may be expelled from Argentina because of illegal residence. He noted that many Chileans go to Argentina to work in agriculture and mining. Msgr Caviedes returned from San Carlos de Bariloche, where he attended a meeting to discuss immigration problems affecting Chile and Argentina. Msgr Caviedes warned that Chileans should not believe that there is a gold mine beyond our border.

DEFENSE MINISTER FAVORS U.S. EASTER ISLAND USE

PY302010 Paris AFP in Spanish 1810 GMT 30 Apr 85

[Text] Santiago, 30 Apr (AFP) -- The United States has requested authorization to use Chile's Easter Island (Rapa Nui) for eventual emergency landings of the Columbia space shuttles, it was officially reported in Santiago today.

The proposal includes the strengthening and extension of the islands' airstrip from 2,900 to 3,350 meters to let the shuttle land without difficulties. If Chile accepts, the work will be undertaken rapidly and the South Pacific island will become an alternative for the U.S. airfields for the 1986 flights.

Four Columbia shuttle flights are scheduled for 1986. The shuttle will take off in Santa Barbara, California, and will be launched into orbits other than the ones thus far used. The U.S. Embassy has explained that the Easter Island region is an appropriate landing area for the shuttle in case of difficulties on the new routes, particularly during the critical stage while the shuttle is leaving the earth's gravitational area.

According to Chilean Defense Minister Patricio Carvajal, the project will not turn the legendary island into a U.S. base. No military personnel would be deployed throughout the year and the civilians assigned to the area for emergencies would be unarmed and would be few in number on each occasion, the minister said.

Carvajal reported that the cost of the reconstruction of Mataveri, the island's airport, will be entirely defrayed by the United States. He added that the extension of the airstrip and the provision of additional items to assist air navigation and possible rescue work (instruments, boats, helicopters), will turn Mataveri into one of the best Chilean airports, benefiting the local economic and tourism development. The project, which must still be approved by the Chilean Government, is excellent and highly beneficial, the minister concluded.

INTERIOR MINISTER ON LABOR DAY CELEBRATIONS

PY302100 Santiago Domestic Service in Spanish 1730 GMT 30 Apr 85

[Report from Government House by Hugo Reyes]

[Excerpts] Interior Minister Ricardo Garcia has said that Chile is working to achieve its development, adding that 1 May is a significant date that allows Chileans to confront the great tasks that must be undertaken and to acquire a spirit of hard work that will allow us and the country to grow.

As for the power failure which affected the central region of the country last night, Garcia said that this is an isolated incident that should not undermine the prevailing peace. He added: It is improper to magnify these incidents, which to some extent try to disrupt domestic activities, because Chile is on the march and continues to work. The interior minister noted that the power failure was caused by a malfunction in one of the connections that feed Santiago.

Moreover, Ricardo Garcia described recent violent actions as unimportant isolated incidents, noting that the government is doing what it has always done, that is, safeguarding peace at all times.

As for specific measures, the interior minister said that ordinary security measures have been enforced to safeguard order. He added that there is no knowledge of a plan to undermine public order. Regarding the situation of the 25 persons who were arrested for participating in an unauthorized political meeting on 26 April, Garcia said that the cases of these persons are under study, as well as their individual records, as to whether they have ever participated in incidents that violate current laws.

Regarding the 1 May celebrations, Garcia said that he is certain that those Chileans who respect the law and who want order will act within the framework of the prevailing order. He added: No one can believe that some citizens will try to undermine order or promote incidents that will violate the law. On the contrary, Chileans will commemorate Labor Day in a proper manner.

COLLADOS REPORTS 6.3 PERCENT GROWTH IN 1984

PY301825 Santiago LA TERCERA DE LA HORA in Spanish 24 Apr 85 p 6

[Excerpts] The Chilean economy had a marked growth of 6.3 percent in 1984, Economy Minister Modesto Collados reported yesterday at a working breakfast with approximately 100 businessmen which is traditionally organized by the Chilean Institute for Rational Business Administration, ICARE. At the breakfast held in the Sheraton Hotel in Santiago, Collados said that the figures on the performance of national economy showed that the growth has not been 5.8 percent, as was estimated in December last year, but 6.3 percent.

Collados also recalled that this is the seventh consecutive quarter in which Chile's economy has been growing slowly but steadily. The minister had in mind the growth of Chilean economy since the third quarter of 1983, after worldwide recession had forced it to decline by 30 percent in 2 years.

As to this year's growth, the minister described it as "gradual" and stated that the 1.2 percent growth of the gross domestic product in the first quarter of this year might be maintained at a similar rate throughout 1985.

The minister spoke of the significance of a development "free of inflation and with balanced foreign trade." He evaluated the status of the trade balance which, according to the latest estimates, would show a favorable surplus of only $700 million, and indicated that by the end of the year Chile should reach the goal of a $1-billion trade surplus.

CARABINERO DEPUTY ON 'PSYCHOSIS OF KIDNAPPINGS'

PY271309 Santiago Domestic Service in Spanish 2300 GMT 26 Apr 85

[Text] Carabinero Deputy Director General Rodolfo Stange has stated that interested sectors have spurred a psychosis of kidnappings. These sectors have started rumors that are absolutely untrue, and all this is affecting the citizenry, he stated. In addition, Stange said that this is a well-known tactic and that he is unaware of any arrests of Carabinero officials or bans against their leaving the country. Concerning the kidnapping and killing of three professionals, Gen Stange stated that we are waiting for the special judge's report in that regard.

GOVERNMENT TO COOPERATE WITH COURTS ON HALES CASE

PY251313 Santiago Domestic Service in Spanish 1100 GMT 25 Apr 85

[Excerpt] The government will cooperate as much as possible with the court to uncover the kidnappers of Carmen Hales, according to Minister Secretary General of Government Francisco Javier Cuadra. He said that the interior minister presented an analysis of the event to the ministerial council. He added: We admit the importance of timely investigation. When a criminal case is recent, it is much easier to deal with through a serious, analytical, and thorough investigation. Taking this into account, we hope to cooperate with the courts in a criminal case such as a kidnapping.

CATHOLIC EPISCOPATE CALLS FOR HALT TO TORTURE

PY260345 Madrid EFE in Spanish 2343 GMT 25 Apr 85

[Text] Santiago, 25 Apr (EFE) -- The Justice and Peace Commission of the national episcopate today stated that the time has come for all Chileans to publicly state "stop torture, we want peace". In a public statement, the Catholic organization calls upon each and every Catholic, all Christians from all creeds, and all good-willed men and women to shake off passiveness and indifference and to resolutely repudiate the wave of political crimes.

The commission adds that eight persons have died, some of them members of the Armed Forces, as a result of political crimes, torn to pieces by bombs planted as a deadly trap, while others, members of the Communist Party, were kidnapped and their throats barbarously slit. All those deaths are to be repudiated, and we do not want to wait for new murders before halting that atrocious cycle of successive actions of terrorism and vengeance, they stated.

For the signatories of the statement, no social group or any person ever has sufficient reason or authority to dispose of the life of another unless it is in legitimate self-defense. The Justice and Peace Commission concludes by calling for a joint effort for a mobilization for life and peace by all those persons who want to make Chile a land of brothers.

Among the signatories of the statement are Santiago Reserve Bishop Jorge Hourton; attorney Alejandro Gonzalez; theologian Fernando Moreno; Father Renato Poblete; Sergio Wilson, the administrator of the assets of the Santiago Archbishopric," and Alejandro Silva Bascunan, former president of the Chilean Bar Association.

'VAST AREAS' OF CENTRAL REGION BLACKED OUT

PY300232 Paris AFP in Spanish 0212 GMT 30 Apr 85

[Text] Santiago, 29 Apr (AFP) -- A blackout that covers vast areas of Santiago, Valparaiso, Vina del Mar, Concepcion, and Los Angeles, where approximately half of the country's population lives, has occurred tonight. According to police sources, the reason for the blackout is not yet known.

The blackout, which began at 2130, is affecting a vast downtown area of the Chilean capital, where the La Moneda presidential palace, the Defense Ministry, and several other government buildings are blacked out.

FPMR MEMBERS ARRESTED, HANDED TO MILITARY COURTS

PY292049 Madrid EFE in Spanish 0306 GMT 27 Apr 85

[Text] Santiago, 26 Apr (EFE) -- According to reports issued today by the police and government, three alleged activists of the Manuel Rodriguez Patriotic Front (FPMR) have been arrested over the past few days.

The Investigations Police today reported the arrest of Jorge Naldo Saldivia Espinoza, 22 years old, an alleged sharpshooter of the FPMR combat group. They added that he was handed over to the military courts. The Investigations Police added that Saldivia was involved in the attack carried out on 6 December 1984 against the Santa Adriana Carabineros precinct station in Santiago, in which Carabineros Corporal Jose Herrera Serran was killed and another Carabinero was wounded. The report said that Saldivia was an agitator and a member of the Communist Youth propaganda team until the Communist Party made him a sharpshooter of the FPMR combat group. The report stated that Saldivia was going to be sent abroad by the FPMR to be operated on for a bullet wound in the right shoulder received during the attack against the Santa Adriana Carabineros station.

The National Social Communications Agency (Dinacos) has also reported the arrest of other alleged members of the FPMR. They are Daniel Alfaro Bassano, 26 years old, and Jorge Ariel Cabrera, the Fuenzalida, 25 years old, who are charged with having taken part in the 27 March bomb attacks against the government newspaper LA NACION and a building that lodges many multinational companies. Dinacos noted that both of them are charged with being members of the FPMR weapons and explosive distribution group. It added that they were arrested on 12 April and placed at the disposal of the 3d military court on 22 April.

Although the FPMR claims to be independent, the Chilean military regime charges that it is an armed branch of the Communist Party.

BRIEFS

BALANCE OF TRADE SURPLUS -- The Central Bank has reported that the balance of trade registered a $170-million surplus in the first quarter of 1985. [Summary] [Santiago Domestic Service in Spanish 1730 GMT 22 Apr 85 PY]

POLICE, ARMY LAUNCH OPERATION IN CAUCA

PA282007 Bogota Cadena Radial Super in Spanish 1730 GMT 27 Apr 85

[Text] Popayan -- A large-scale operation to counteract terrorist activities (?lashing at) this region has been launched by the police and National Army. According to an official report, six bombs have exploded in Cauca Department, where at least 18 bombs have also been deactivated. These bombs were planted by subversive groups in the past 15 days in police [word indistinct] in the Administrative Department of Security, DAS, and in the Jose Hilario Lopez headquarters.

Governor (Diego Castrellon Restrepo) has reported total normalcy in the entire western part of the country, adding that thanks to the control exerted by the authorities, no more clashes have occurred between troops and guerrilla members, and the public order situation is completely under control.

FARC, RICARDO FRANCO FRONT MEMBERS CLASH

PA291926 Bogota EL SIGLO in Spanish 25 Apr 85 pp 1, 8

[Text] Popayan -- During the past few hours the self-styled Revolutionary Armed Forces of Colombia (FARC) unexpectedly occupied a camp belonging to the self-styled Ricardo Franco Front in the central Andean range leaving in the aftermath eight dead and several wounded. It was initially learned that FARC's 6th, 8th, and 12th fronts made an incursion into a camp of the Ricardo Franco Front, dissident wing of that organization, located between the municipalities of Jambalo, Toribio, and Santander de Quilichao. The FARC rebels "executed" a dissident guerrilla member at the Indian community in Zumbico, Jambalo. Later, they engaged in a clash that lasted several hours. The Indians told the authorities that after the fighting the guerrillas in both parties fled to the mountains.

The Indians and peasants in the northeastern sector of Cauca expressed concern and asked the police and National Army authorities to protect them from becoming victims in these clashes between the insurgents. The armed clashes apparently occurred over control of this territory. Although the FARC claims that sector of the country, the Ricardo Franco Front occupied it after declaring their separation from the so-called General Staff of the rebel organization.

Meanwhile, the Cauca police and the National Army have remained silent on this fighting between the guerrillas, limiting themselves to saying only that the reports made by the Indians and peasants are being investigated. They also announced that the number of forces in the municipalities of Jambalo, Toribio, Corinto, Santander de Quilichao, and other areas has been increased, due to the activities of armed groups and common criminal bands, in an effort to guarantee the life, honor, and property of Colombian citizens.

M-19 SUSPENDS FIGHTING IN VALLE DEL CAUCA

PA261927 Bogota EL TIEMPO in Spanish 23 Apr 85 p 8 A

[Text] After a meeting between guerrilla Carlos Pizarro Leongomez and the commission for the verification of the cease-fire agreements, former Minister Alvaro Leyva Duran disclosed that the 19 April Movement (M-19) has unilaterally decided to suspend hostilities in Valle del Cauca.

Leyva Duran reported that he met in Valle del Cauca with Pizarro Leongomez on Tuesday in an effort to find a solution to the problems emerging from the constant fighting between the Army and the M-19 in Pradera and Palmira.

"Pizarro was very concerned over making the agreements with the government effective and gave personal instructions to the combatants to unilaterally stop fighting immediately," Leyva Duran stressed. Leyva Duran said that Pizarro, the third in command of the M-19, also vowed that the events to commemorate the creation of the M-19 in Cali would be peaceful, and that "he also agreed with that."

PEACE COMMISSION ON RESETTLING GUERRILLAS

PA292130 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 29 Apr 85

[Text] Bogota -- John Agudelo Rios, president of the Peace Commission, has said that the authorities have control over all the country, but he asked Colombians to help him find a place where the guerrillas can live. He suggested that they be considered internal political refugees. Agudelo Rios spoke on CARACOL Network's "Personality of the Week" program, and in response to a question on whether the guerrillas would be allowed to control certain territories, he said: Because we Colombians lack depth, the country has not been able to decide what to do with the rebels. Are we to treat them as wandering Jews who cannot live anywhere in Colombia? This is a problem that we must study carefully. We have not created a mechanism to determine where or under what conditions these Colombians are to live.

The Peace Commission cannot exile the guerrillas, even if they agreed to it. They have to live in some part of our national territory, we have to consider them some sort of internal refugees, but the people do not want them anywhere.

ALLEGED MASTERMIND OF CAMARENA'S DEATH ARRESTED

PA302314 Madrid EFE in Spanish 2250 GMT 30 Apr 85

[Text] Bogota, 30 Apr (EFE) -- The Colombian anti-drug police today arrested Honduran drug trafficker Jose Ramon Mata, who is accused of being the mastermind of DEA agent Enrique Camarena Salazar's death in Mexico.

Jose Ramon Mata was captured in Cartagena de Indias, in the northern sector of the country, and immediately transferred to Bogota, according to an F-2 (secret service) spokesman in the Colombian police force. The arrest operation, which was the result of a painstaking investigation, was led by F-2 Commander Colonel Miguel Maza Marquez.

The Honduran drug trafficker is considered to be the brains behind the drug Mafia in Latin America, and is sought by the authorities in the United States, Mexico, and his own country.

BRIEFS

COFFEE EXPORTS -- During the first months of this year, Colombian coffee exports to world markets totaled 1,357 million bales. Sales to North America increased by 64.4 percent while sales to European countries decreased by 17.6 percent. A report issued by the National Federation of Colombian Coffee Growers states that coffee exports to the United States totaled 495,000 bales, that is, a 70.6-percent increase over exports during the first 2 months of 1984. [Summary] [Bogota EL SIGLO in Spanish 22 Apr 85 p 9 PA]

BELAUNDE DISCUSSES TERRORISM, POLICE MERGER

PY301420 Lima Radioprograms del Peru Network in Spanish 0106 GMT 30 Apr 85

[Press Conference held by President Fernando Belaunde Terry at Government House in Lima -- live]

[Excerpts] [Pedro Ortiz of Lima Televisora Lima] Mr President, the president of the National Electoral Court was attacked nearly a week ago and speculations regarding this case are continuing. Some people have gone so far as to say that the attack may have been perpetrated by ultraright wing groups. What is the status of the official investigation so far?

[Belaunde] I can refute the theory which you just mentioned. I cannot release too much information at this point, but I can tell you that some of the culprits have already been identified, and they belong to Shining Path.

Several culprits have been identified. We know that they participated, to a different extent perhaps, but definitely participated in this despicable crime against an outstanding citizen.

[Carlos Schumann, of Lima Oay-4Z Television] Mr President, I have two questions for you. The first has to do with the attack on Electoral Court President Domingo Garcia Rada. This crime has brought up two issues: The first has to do with the merging of the various police forces, and the second with the insufficient facilities available to our armed and, especially, our police forces. At the same time, Mr Alan Garcia has indicated that his administration will not seek alignment with either Moscow or Washington. What can you tell us about all this?

[Belaunde] As to your first question, we all know the problems which our police forces are facing. I believe that the American Revolutionary Popular Alliance has at least mentioned the possibility of merging the various police branches. Perhaps this could be a way out of some of the problems. Undoubtedly the police in this regard must be reviewed periodically, but we must take into account that there are constitutional limitations, because the status of police forces is set forth clearly in the Constitution, which means that any substantial changes require a constitutional amendment which takes some time, as you well know.

As to the equipment and facilities available to the police, they are indeed deficient, mainly because materials manufactured abroad are required, and to buy them one must not only have soles but also U.S. dollars.

As to the second part of your question, Mr Garcia's position is amply justified, because we cannot surrender to either side, we must defend our sovereignty and our decisionmaking power from pressures.

However, as far as I am concerned, I would like to stress that we are in favor of democracy, and from this point of view we learn more to one side. As far as economic independence goes, we are, indeed, fully nonaligned, but as far as ideology goes we share the one which fortunately prevails in this hemisphere, an ideology directed at seeking a form of government of the people and for the people.

GOVERNMENT PAYS DEBT TO USSR IN EXPORT PRODUCTS

PY301605 Lima Radio del Pacifico in Spanish 1300 GMT 30 Apr 85

[Text] The Soviet Union is currently negotiating with the Peruvian Maritime Industrial Service the construction of fishing boats for approximately 50 billion soles. The Soviet purchase of Peruvian boats will be part of the arrangement through which Peru is to pay its $210-million debt to the Soviet Union. Within this arrangement, deals amounting to approximately $150 million have already been closed, involving textiles, candy, footwear, and frozen chicken. The remaining $60 million will be negotiated during the course of this week, according to Minister of Industry, Commerce, Tourism and Integration Alvaro Becerra Sotero, who stated that by 10 December Peru will pay off its debt to the USSR with export products.

PRESS WORKERS END STRIKE; RADIO STRIKE CONTINUES

PY302115 Paris AFP in Spanish 1855 GMT 30 Apr 85

[Text] Lima, 30 Apr (AFP) -- The 600 workers and journalists of the official gazette EL PERUANO and of the government newspapers LA CRONICA (morning) and LA TERCERA (afternoon) concluded at noon today a 24-hour warning strike demanding the payment of delayed salary increases.

Meanwhile, the strike which state radio and television workers began a week ago continues. They are also demanding salary improvements and the payment of social security to an enterprise which, according to the authorities of the sector, is practically bankrupt.

BOMBINGS REPORTED IN LIMA NEIGHBORHOODS

PY010310 Madrid EFE in Spanish 0244 GMT 1 May 85

[Text] Lima, 30 Apr (EFE) -- A number of bomb attacks took place today in different sectors of Lima, but according to the first reports, caused property damage but no casualties.

The terrorist attacks took place in the neighborhood of Salamanca de Monterrico, in the district of San Juan de Miraflores, at one of the gates of the national stadium, and near the Bolognesi Park in this capital.

In Salamanca, two unidentified individuals hurled two bombs at a store from a moving car. One of the bombs destroyed the front door and windows, while the second did not go off and was deactivated by the police.

In San Juan de Miraflores, a bomb was thrown at the entrance of one of the offices of the Lima Water Service, shattering the windows, while at the national stadium, a dynamite explosion seriously damaged one of the metal gates.

These terrorist attacks were carried out 6 days after the attack against Domingo Garcia Rada, president of the National Electoral Court, who was seriously wounded, by subversives. The official report claims that the attack against Garcia Rada was perpetrated by Shining Path members.

ARMY TO BE ON ALERT FOR MAY DAY PARADE

PA010011 Buenos Aires LATIN in Spanish 2312 GMT 30 Apr 85

[Text] Mexico City, 30 Apr (REUTER) -- Political sources have reported that Mexican security forces will be put on maximum alert tomorrow for the 1 May parade, in order to prevent any possible disturbances by radical union members as the result of the third consecutive year of economic penury.

Last year, workers hurled an incendiary bomb at a box at the national theater. This type of incident had been virtually unknown in recent years. This particular event was not made public for several days.

This year, the government has tried to reduce the probability of such a demonstration by allowing the participation of the 34 organizations forming the semi-official union called the Workers Congress. Several independent groups, however, have said that they will try to join or infiltrate the main parade that will be reviewed by President Miguel de la Madrid at the Mexican capital's historical Central Square.

According to EL UNIVERSAL columnist Francisco Cardenas, there have been rumors that the Interior Secretariat tried to have the parade canceled, but failed.

Traditionally, the 1 May parade is an annual ritual of solidarity and gratefulness displayed by workers to the president for the prosperity that his policy has achieved for them during the year. Since Mexico's economic collapse in 1982, however, the country has been implementing a strict austerity program dictated by the IMF, which has demanded that salary raises be lower than the level of inflation. In addition, the IMF has stipulated a reduction in workers real purchasing power and raised the prices of staples and services.

Peace has been maintained so far due to the threat of greater unemployment and the rigid government control of the main unions, but several radical unions have refused to accept quietly a reduction of their salaries. Some of these radical unions include the 21 teachers organizations that form the Authentic Labor Front. This front has stated that the government would violate the Constitution by trying to prevent them from joining the main parade. Another group, the union of Independent Workers, has planned a separate march in order to avoid clashes with the police and the Army.

OFFICIAL TO BORDER COMMISSION WITH U.S. NAMED

FL302336 Mexico City NOTIMEX in Spanish 2027 GMT 29 Apr 85

[Text] Mexico City, 29 Apr (NOTIMEX) -- The Foreign Secretariat has named Carlos Mario Santibanez Mata as Mexican commissioner for the International Commission on Boundaries and Waters between Mexico and the United States (Cilamex). The new representative replaces Joaquin Bustamante Redondo, who served in that post for 40 years.

Santibanez Mata is a graduate of the National Polytechnical Institute and earned a master's degree as a sanitary engineer at the National Autonomous University of Mexico. He has served in the General Directorate of Rivers and Boundaries in the Mexican Foreign Secretariat and until now was deputy director general of that same directorate.

CONEP, CONATO BREAK OFF TALKS WITH GOVERNMENT

PA282248 Panama City LA PRENSA in Spanish 27 Apr 85 p 1 A

[By Jose Quintero de Leon]

[Excerpt] The National Council of Private Enterprise (CONEP) announced yesterday that it will not participate in a third meeting of a series promoted by the government of President Nicolas Ardito Barletta. The National Council of Organized Workers (Conato) has also been participating in these meetings, which are aimed at producing a national development plan. The CONEP stated its position through its vice president, Carlos Jayes. This position results from an absence of a work plan outlining the economic objectives of the government. CONEP believes that a meeting without such a plan would be a waste of time.

According to information obtained by LA PRENSA, the representative of the executive branch at these meetings, Planning Minister Dr Ricaurte Vasquez Jr, has not presented a work plan, which is necessary for effective working sessions, in spite of the fact that he had made a commitment to the CONEP to do so.

The leaders of Conato have adopted a similar attitude and have pointed out that a third meeting would be very difficult and that therefore they are not returning to the negotiating table. The workers had hinted that they would do this when they characterized the meetings earlier as "empty dialogue" promoted by a government that does not have the necessary credibility.

Rolando Ordonez, one of the coordinators of Conato, told the news media that he would withdraw if the government had not implemented the National Development Plan that was presented to him on 28 March following a march to the Presidential Palace. On that occasion Conato marched to protest the government's intention to "adjust" the 1972 Labor Code. Conato believes that these intentions result from demands made by the IMF and the World Bank for the purpose of creating mechanisms that would permit the payment of the foreign debt, which amounts to almost $4 billion.

FOREIGN MINISTER MEETS WITH EEC MISSION

PA291402 Panama City STAR AND HERALD in English 29 Apr 85 p 1

[Text] Panama's Foreign Minister Fernando Cardoze Fabrega yesterday met with members of the European Economic Community mission visiting Panama, as part of a tour of the nations comprising the Contadora Group and other Central American areas. During their visit with Cardoze Fabrega at the Foreign Office, the mission headed by Italian envoy Pip Pignatti Discutosa reiterated the group's support to efforts by the Contadora Group, aimed at bringing peace to the region by means of dialogue.

The mission arrived in Panama three days ago for talks with top level government officials, and were scheduled to leave today for Costa Rica.

Also forming part of the mission are Italian Minister Plenipotentiary Bernardino Osio, chief of the Latin American office in his country's Foreign Office, and Hubert Burth of the European Economic Community's Foreign Department.

BRIEFS

CORN, RICE PRODUCTION FIGURES -- Panama's Directorate of Statistics and Census of the Comptroller General's Office, has reported that during 1983-84 corn production rose to 1.5 million quintals and rice production rose to 4 million quintals. [Summary] [Panama City MATUTINO in Spanish 10 Apr 85 pp 2 A, 9 B PA]

COSTA RICA

MONGE CLARIFIES STANCE ON REAGAN'S NICARAGUAN PLAN

PA301344 San Jose LA REPUBLICA in Spanish 21 Apr 85 p 5

[Press release issued by the Costa Rican Presidency on 20 April in San Jose; quotation marks as published]

[Text] "Costa Rican President Luis Alberto Monge has reaffirmed his support for U.S. President Ronald Reagan's peace proposal for Nicaragua and reiterated his suggestion that the military aid included in the U.S. budget be earmarked for humanitarian humanitarian objectives and be used to support the social and economic development of all the Central American peoples. "During a press conference, President Monge commented on his suggestion to President Reagan, at the White House on 15 April, that "the $600 million in military aid included in the U.S. budget for Central America be used to finance social and economic development programs, provided that these countries accept the peace seeking political route proposed" by President Reagan. "Regarding the peace proposal, President Monge stated: "We support the proposal to find a political and peaceful solution to the Nicaraguan problem, but not the issue of the $14 million. If an agreement is reached, the $14 million will become a secondary issue because the money will not be used to provide military aid to the insurgents, and instead will go to humanitarian purposes. "We strongly desire a respite from the armed struggle so as to permit peace and democratization in Nicaragua," the Costa Rican leader added. "Thus we endorse allocating these and other resources for nonbelligerent objectives, for humanitarian objectives, and for the social and economic development of Nicaragua and the other Central American countries."

A newsman asked: "Would you favor allocating the $14 million to the insurgents for military purposes if a dialogue between the Nicaraguan Government and the armed opposition does not start within the 60-day period President Reagan has set? President Monge answered: "I cannot support that because it would run contrary to Costa Rica's neutrality. To do so would be to support a particular armed group; I could not support this for the commanders or for those who have taken up arms against the commanders.

"Another newsman asked: "How do you feel about the Managua government's announced rejection of the peace plan?" President Monge replied: "I would regret it if Nicaragua were to completely reject the peace proposal without agreeing to discuss its negative and positive aspects. I am under the impression that the proposal was not made in strict, absolute, and unyielding terms. I think that Nicaragua would be wasting the opportunity to discuss and negotiate the terms of that proposal." President Monge stated that the Reagan peace proposal is "one more alternative in finding a peaceful solution to the Nicaraguan problem." The president added: "I have always favored dialogue between the government and the opposition in El Salvador. That is why I favor dialogue between the government and the armed opposition in Nicaragua."

EL SALVADOR

GENERAL BLANDON HOLDS PRESS CONFERENCE

PA251452 San Salvador Radio Cadena YSU in Spanish 1800 GMT 24 Apr 85

[Report by Raul Beltran on press conference held by General Adolfo Onecifero Blandon, chairman of the Joint Chiefs of Staff, on 24 April in San Salvador -- recorded]

[Text] The most important topic discussed by the top military chief, was the FMLN activities.

He indicated that Commander Miguel Castellanos, a former student leader at the national university whose real name is Napoleon Romero, was not captured by the Armed Forces, but that he deserted fron the FMLN and surrendered at the Armed Forces engineers instruction center in La Paz Department, located 40 km southeast of San Salvador.

In another portion of the press conference, he reported that 35 major military operations were carried out during the first 3 months of this year, with the following results: 239 guerrillas dead; 93 wounded; and 409 captured by the Armed Forces. In these 3 months, the Army has sustained 97 dead, 191 wounded, 6 disappeared -- including 2 cadets -- and 6 seriously injured after stepping on mines planted by the leftist guerrillas in different parts of the country. He also mentioned another 48 wounded in combat, who are receiving medical care in the military hospital.

Gen Blandon said that the Army lost 114 firearms during the first 3 months this year, 25 of which were destroyed in combat. He added that 341 rifles were seized from FMLN guerrillas during the same period. Referring to the protection given to the country's productive economic system, Gen Blandon said that there was a substantial increase in coffee, sugar, and cotton production during 1984. For example, he added, the coffee crop increased by 16 percent over the previous year and sugar production reportedly increased by 500,000 quintals over last year's crop. Talking about the training of the troops and human rights Gen Blandon said:

[Begin recording] It is the opinion of the Joint Chiefs of Staff, which permanently analyzes military operations, that the progress made in this field has been very effective, mainly because the units are receiving proper training in a military training center -- the location of which you already know -- that has the most modern facilities for training our personnel. In addition, we have a reaction force which allows us to counterattack immediately or to provide timely support to units in trouble. [end recording]

Further on, Gen Blandon said that he still has not received a request from the president of the Republic to appoint the Army units to attend the third meeting with the FMLN guerrillas and the FDR political leaders, the date and place of which has still not been decided.

Meanwhile, it was confirmed this afternoon that guerrilla Commander Nidia Diaz, one of the main leaders of the Revolutionary Party of Central American Workers, PRTC, who was captured on 18 April, will be presented to local and international news media at 1515 this afternoon at the national police headquarters. Gen Blandon said she is being treated properly and is receiving medical treatment at the national police headquarters.

Referring to other issues, Gen Blandon said:

[Begin recording] We are waiting confirmation of U.S. aid, which is indispensable for us. However, the plan of the Joint Chiefs of Staff is that as peace returns to the country and we receive more medicine, clothing, and food for the people, we will be asking for fewer bullets and rifles. We have been engaged in this proces for some time. We still have to organize and equip some units and then we can give more attention to those sectors I have just mentioned. [end recording]

Responding to a question on what the Army knows about the capture of Commander Vaneth Samour of the People's Revolutionary Army, ERP, Gen Blandon said that the security unit investigating the case will try to release a report to the news media in the next few days. He said he will not make any comment on the aid approved by U.S. Congress for the counterrevolutionary groups operating against the Nicaraguan Sandinist government, because he does not want other nations to meddle in El Salvador's internal affairs. [sentence as heard]

Gen Blandon said that 21 persons have been arrested in Usulatan Department during recent counterinsurgency operations. He said that seven are being held by the National Police, six by the military detachment in Usulutan, and the rest have been turned over to the International Red Cross and to relatives.

We end this special report on the press conference held today with the following statement by Gen Blandon:

[Begin recording] In that respect I can tell you that yesterday an unidentified boat was captured by our Navy in the Gulf of Fonseca in our territorial waters. In the boat there were two persons who said they were assigned to the military base in Amapala. They were immediately turned over to the military base in Amapala, to confirm their identification. I am waiting for a report to find out if they were really Honduran soldiers. We have doubts because they were not wearing the right uniforms, nor were their weapons the same. At this moment I cannot tell you if they are Honduran soldiers or subversive elements. [end recording]

Gen Blandon denied rumors that the rebel groups in our country have been increasing in the past few days, and that Honduran troops have been constantly violating Salvadoran territory, especially in the northern areas of San Miguel and Morazan Departments. He discounted reports that the Patriotic Juvenile Movement is an aid to the Salvadoran Army. What this movement seeks, Gen Blandon said, is to strengthen the moral and civic values of the young people, which have been lost as a result of the armed struggle.

FMLN-FDR DEMANDS RESPECT FOR CAPTURED LEADERS

PA261611 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 2300 GMT 25 Apr 85

[Communique issued by the FMLN General Command and the FDR Executive Committee on 25 April -- place not given]

[Text] The Salvadoran FMLN-FDR, in response to statements issued by General Onecifero Blandon, chief of the Salvadoran Army General staff on 24 April, states:

1. The captures of Companeros Nidia Diaz, Napoleon Romero, and Yaneth Samour are a direct consequence of the intense revolutionary activity that our fronts are conducting with our people. Leaders, political cadres, and military cadres of the FMLN-FDR have fallen in the struggle against the dictatorship and the United States' intervention to achieve a just and free regime.

2. Gen Blandon stated that Commander Nidia Diaz will soon grant a news conference. He said that Commander Miguel Castellanos surrendered to the Army and that Commander Yaneth Samour does not exist. To this we respond:

1. The high command is attempting to force Commander Nidia Diaz to stage a manipulated news conference. It has pressured her and used drugs and sophisticated techniques of physical and psychological torture on her. Also, it is attempting to avoid presenting Commander Miguel Castellanos to the press by claiming that he has surrendered. This is absolutely untrue, and the inhabitants of Olocuilta, where the commander was captured during an intense military operation, have attested to this. The high command has denied that it is holding Commander Yaneth Samour, who along with Companera Maximina Villatoro was captured in San Miguel, where the two were conducting political activities. The high command is either attempting to list her as missing to mistreat and torture her or else is eluding responsibility for her murder.

2. The actions by the Armed Forces high command violate the Geneva Convention bylaws on treatment of prisoners of war and contrast with the treatment that the FMLN has afforded many officers, including a deputy secretary of defense and the criminal Napoleon Medina Garay, whose military ranks were respected, and many other officers who have been captured and released by the FMLN.

3. Facts show that there is an absence in El Salvador of the most basic conditions to guarantee the democratic process that the Duarte administration and the Salvadoran Army high command so demagogically proclaim. All the human rights violations carried out by the Army and the security bodies in El Salvador are directed and witnessed by personnel sent by Mr Ronald Reagan.

In view of the above, the FMLN-FDR demand a halt to the pressures and all sorts of torture inflicted on our three leaders, and the presentation to the public of Commander Miguel Castellanos, Commander Yaneth Samour, and Companera Maximina Villatoro, so their whereabouts and conditions can be verified. We hold President Jose Napoleon Duarte and the Army high command responsible for the life and safety of our companeros. We urge the Salvadoran people to remain alert so as not to be deceived by the current campaign by the Duarte administration and its Armed Forces. We urge the Salvadoran church to undertake necessary efforts to clarify the situation of Yaneth Samour and Maximina Villatoro and ensure that the right to life and humanitarian treatment of Nidia Diaz and Napoleon Romero be respected. We urge world public opinion and humanitarian organizations to demand of the government and high command compliance with the Geneva Convention bylaws on war prisoners in their treatment of the three companeros who have been captured. United toward victory. Revolution or death, we will win.

GUATEMALA

MEJIA, FINANCE MINISTER ON 'ECONOMIC CRISIS'

PA270436 Guatemala City Domestic Service in Spanish 0200 GMT 26 Apr 85

["Messages" from Head of State General Oscar Humberto Mejia Victores and Finance Minister Armando Gonzalez Campo, issued at the "opening of the national dialogue" in Guatemala City -- live or recorded]

[Text] [Mejia Victores] Fellow countrymen: As you are all aware and as I said in my last message, the country's economic situation is extremely grave and requires the adoption of certain tax and credit measures. Taking a calculated risk, we issued the package of tax reforms. The country is not accustomed to the issuance of measures like these because over the past several decades the economy had been, to a certain extent, fairly good compared to other countries. Therefore, there was adverse reaction to the measures, while some sectors with vested interests added political connotations to them.

The primary goal of the de facto and temporary military government which I head is to lead our country to democratization as soon as possible. This process has begun with the elections of members of the National Constituent Assembly and with the drafting of the electoral schedule. I am confident that, on the honor of the National Constituent Assembly, the Supreme Electoral Tribunal, and the executive branch, this schedule will be met. This aim which I have mentioned and which -- I repeat -- we are intent on seeing through, cannot be separated from the current economic situation in the country. Likewise, the government cannot remain aloof from the crisis and thus responded -- after a serious analysis -- by repealing the controversial package of tax reforms that had been previously decreed. All this has brought about a situation that can be described as beautiful: Guatemalans became concerned and united in the search for solutions for the country. Various sectors spoke up; some were negative, others positive.

In view of the great interest shown in participating in the search for solutions, and echoing this patriotic gesture, this government extended invitations to this historic encounter, where I am sure we will find the best means to resolve the great and serious problems we are facing. The minister of finance is here with us to explain the situation more thoroughly. I present to you the minister of finance.

[Gonzalez Campo] Guatemalans: The country is experiencing one of the most difficult periods of its history. Negative economic, social, and political factors have come together to distort the country's economic picture and have significantly curtailed our productive activities. This situation is especially difficult for this government because, while it is intent on a government program aimed at restoring the country to constitutional rule, it must face the limitations imposed by the temporary nature of its rule when it implements measures to counter the current economic crisis. However, despite its transitory nature, the government must establish a course for the country's economic policy, particularly in the realm of taxation, thus ensuring that the transition toward constitutional order will not be jeopardized by a collapse of our productive apparatus. The people must understand the causes and nature of the crisis we are experiencing. The time for acting is extremely short, and the government and all social sectors must make a joint sacrifice to preserve national coexistence. It is noteworthy that the current situation is not as simple as some sectors of public opinion portray it. Also, they hold the government fully accountable for the current crisis. It is imperative to change that view, because if we don't the people will continue to demand from the government a solution to the problem that it cannot solve on its own. To a large extent the crisis is the result of fundamental changes that have affected the international economy and in turn hurt our own. The economic depression that hit industrialized countries has lowered the demand for and the prices of our major export products.

As a result of these circumstances, all Central American countries' economies have been seriously affected; our sales to these countries have dropped, with the additional aggravation that in the past few years the flow of payments has grown less consistent. In addition, due to a generalized increase of prices in developed nations, our imports have become more costly, particularly those in the energy, raw material, and oil derivative sectors, to the detriment of our import capacity.

Furthermore, the growth of the external debt of the developing nations has become a disturbing factor in the international financial system, creating obstacles to international credit sources, especially in the commercial sector. This phenomenon became public in 1979-80, a period in which social and political tensions in Central America grew. This period coincided with an administration that lost all notions of financial discretion and integrity in the use of public funds. It is necessary to refresh our memories with these facts, aside from the external factors already mentioned, because otherwise it would be difficult to understand the influence of internal factors in the present economic crisis.

The lack of financial discretion, particularly in 1978-81, resulted in an exorbitant growth of public expenditures in relation to revenues, creating an expansion of the fiscal deficit unparalleled in history. It multiplied 17 times between 1977 and 1981, rising from 39 million quetzales to 638 million. This latter figure was similar to the tax revenues for that year. So at that time, for every quetzal produced by the tax system in the country the administration spent almost 2 quetzales. [sentence as heard] To top this, these funds were used for projects of questionable priority. By adopting a fiscal policy which exceeded revenues in all areas, the government unleashed other disturbing forces on the economy, particularly in the external sector.

A deficit of the magnitude reached in the years 1979-81, resulting from the monetary policy has inevitable consequences on the international monetary reserves, the rate of exchange, and price levels in view of the characteristics of the nation's economy, such as the extent of foreign investments and the high percentage of imports, among others.

The impact of the fiscal deficit over the monetary reserves became instantly evident, and in less than 2 years all reserves accumulated during the years of high export prices were exhausted. As a result, the country began to amass overdue foreign debts, which created a currency black market in which the price of the U.S. dollar became progressively divergent from the official rate of exchange, provoking a devaluation of the value of the quetzal abroad.

In the measure in which the fiscal deficit persisted the difficulties in recovering the reserve level also persisted. The black market took over at a constantly higher percentage a number of transactions that could not be attended by the official market rates. The devaluation of the quetzal thus became more evident, as well as the pressure on internal prices. Since the financial practice of the years 1978-81 was directed toward the use of credit of the Bank of Guatemala, the government's debt virtually shot up, from 987 million quetzals in 1978 to 2.158 billion quetzales at the end of 1981. Of this balance, about two-thirds was in internal commitments.

During the period 1979-81 the country accumulated a fiscal deficit of 1.185 billion quetzales. In the following years, an effort was made to reduce it, but despite that effort its magnitude remains serious, and there are strong pressures on the balance of payment, the type of exchange, and price levels. In any case, it is worth noting that, except for the year 1976, between 1955 and 1977 the budget deficit rarely came close to 50 million quetzales. Between 1956 and 1977 there was a deficit of 477 million quetzales, an average of 26 million per year. This figure was doubled in the years 1979-81. The above shows that the fiscal policy of 1978-81 shattered the previous spirit of discretion precisely when one of the traditional sources of revenue, such as export taxes, was showing signs of weakening. On the other hand, up to 1977 the amount of the deficit, in relation to the national production of assets and services remained around 1 percent but rose to 7.4 percent in 1981.

Since 1982 this ratio has dropped; however, the absolute magnitude of the deficit remains a matter of concern to the point that in 1985 the government will take in 1.9 million per day and will face a 1 million deficit per day under the current budget. The monetary output would be approximately 700,000 guetzales a day to finance this deficit.

As in understandable, it would not be realistic to aspire to the stabilization of the economy so long as there is a budget deficit. Before we attempt stability of the exchange rate or a decrease in the gap in the balance of payments, we will have to eliminate or substantially decrease the central government's deficit, because this is the starting point for any plan aimed at stabilizing our economy. However, we must not forget that following the financial ineptness of 1978-81 a climate of mistrust overtook the country. The untenable pressures of the fiscal deficit in international monetary reserves ended up by breaking a long-standing history of stability in the parity of the quetzal, which had been supported by a prudent fiscal policy.

Therefore, it is necessary for the people to understand that the fiscal deficit has to be covered with quetzales issued by the Bank of Guatemala which, in a high percentage, are used to purchase dollars which increases their value. This climate of mistrust continued because the people were not broadly and appropriately informed regarding the extent of the crisis and the role of the fiscal situation within the crisis.

The people were not informed of the importance and urgency of a proper effort to reduce or eliminate this deficit as an indispensable condition to stabilize the economy and later reactivate it. We believe that the people must have a clear idea of the seriousness of the problem of the deficit before they are asked to share the social costs its reduction represents.

Despite efforts since 1982 to bring public spending to a reasonable limit compatible with the actual needs of the country, there are still some unavoidable expenses. However, these situations are within the limits of the general conduct of the society that has ignored the seriousness of the crisis and continues to spend considerable amounts of foreign exchange for goods and services that do not give the country additional production capacity and also decrease the possibility of production activities. While the Bank of Guatemala faces problems in making unpostponable payments like the oil bill and servicing the debt, there are heavy expenditures made for exports that are dispensable.

We must not build up great hopes regarding ways to resolve the crisis, even though we must agree that overcoming the fiscal deficit is the most important step. In this regard, we hope to establish a dialogue that will enable us to reach an agreement on a plan to stabilize the economy, taking into account the difficult situation we are facing in 1985. For example, in the fiscal area we are dragging behind payments made during the previous fiscal year [as heard] in the amount of 145.6 million, and we will have a budget deficit of 352 million. In addition, we must realize that to date there are requests for additional financing, expenses which were not included in the budget, in the amount of 240 million quetzales. This makes the handling of the fiscal situation even more difficult. These requests for additional financing include 122.6 million to cancel expenses not included in the budget, 63.3 million in payments made by the Bank of Guatemala to cancel government obligations incurred through the plan called the national freeway, and 52.7 million quetzales in additional funds for works that need completion.

With the implementation of the 1985 budget, the deficit will equal 60 percent of the government's tax revenue, and to cover this deficit a monetary output in the amount of 248 million quetzales will be necessary. This will represent pressures on the balance of payments, prices, and the rate of exchange. However, this is not all. The additional requirements for financing explained above in the amount of 240 million quetzales represent great pressure on public finances. The only way to fill this gap is to reduce expenditures, increase taxes, or a combination of these two measures.

In the area of foreign exchange the situation is difficult. As of 12 April our international monetary reserve totaled $351 million, of which $200 million is owed us by Central American countries, El Salvador, and Nicaragua. This shows how difficult the situation is. Likewise, in 1985 we expect an income of foreign exchange in the amount of $1.413 billion and expenditures in the amount of $1.542 billion. This represents a deficit of $128.6 million. By 31 March the exchange balance showed a $39-million deficit. What will weigh heaviest on the exchange balance will be the servicing of the foreign debt. Compared to the $319 million paid in 1984, in 1985 we will have to pay $484 million, which equals 36 percent of total exports and 71 percent of the income expected from the essential exchange market, from where the foreign exchange for these payments will come, according to the current exchange rate.

Regarding the Bank of Guatemala's foreign debt, it is necessary to clarify its origin and scope. This debt has multiplied from $212 million in 1980 to $1.178 billion as of 31 December 1984. The debt grew because Guatemalan society maintained a rate of imports which was evidently not in line with its new situation. Part of the debt is composed of the private sector's external pledges, which were backed by bonds and have a $500-million balance.

Generally speaking, the Bank of Guatemala's external debt has helped maintain the country's level of economic activity and consumption without devaluating the monetary unit.

In addition, as long as the fiscal imbalance prevails, the pressures on our exchange rate will continue and it may reach unsuspected magnitudes. The free exchange market was established to stimulate transactions, but it continues to be pressured by excessive demands, so our exchange rate has become one of the country's biggest economic problems. We will not be able to do anything about this if the Guatemalan people continue to spend excessively and if the fiscal deficit is not resolved. It is not impossible to maintain our exchange rate by increasing the Bank of Guatemala's external debt, as was done in past years. Quite the contrary, we must now pay our debts derived from this policy, which will absorb more than 71 percent of the foreign exchange that will enter the essential foreign exchange market this year.

Given this situation, and seeking to prevent a deeper crisis, which would drag down the country's political and social structures, it is necessary to exert a serious and comprehensive effort to adjust our expenses to the real conditions of our economy. The people and government must accept the unavoidable need to adopt a much more sober way of life, congruent with our financial limitations. Costs and sacrifices must be shared in this process, in proportion to the conditions of the different social groups. Guatemalan people, now is the time to act conscientiously, to prevent a deeper crisis and to avoid compromising the democratic process under way and the country's economic feasibility in the medium and long term.

[Mejia Victores] Fellow countrymen, Guatemala's problems must be solved by the Guatemalan people. We have just heard a summarized report on our fiscal situation, in addition to statements by other attending members. This report, among others, represents an important source of information for the development of the national dialogue, which we start today with this presentation. The finance minister has rightfully pointed out that the repercussions of our fiscal deficit since 1978 affect all sectors of our society, and it is not, as some may believe, an accounting problem limited to the government. If the fiscal deficit is the main cause of our foreign exchange problem and the increase in prices, I consider that the national dialogue should focus on this matter and analyze options to neutralize the deficit or reduce it to a minimum so it will no longer represent a source of socioeconomic instability.

Some causes of the problem cannot be analyzed from a fiscal, monetary, and exchange viewpoint. There are major causes that have surfaced in Guatemala during the same time period, such as a strong subversion that has affected our people, professionals, religious officials, officers, specialists, soldiers, and political leaders. All of Guatemala has suffered and similar situations exist in many other countries of the world. Whenever there is a war, almost all the countries in the world suffer fiscal deficits in order to withstand and win that war. We have withstood an undeclared war, a subversive war that nearly triumphed in 1981 when Huehuetenango and El Quiche Departments were declared liberated territories.

The Guatemalan Army has managed to give tranquillity to other countries, without anyone's or any country's help, by not allowing subversion to spread to them or reach that country which could have helped us the most in this fight. [sentence as heard] Unfortunately, that country, the United States, has refused to give us economic and military aid since 1978, even though it was given to other countries. If we had lost the war, as our neighbor El Salvador has been losing a war, we might have been given a strong injection of funds and assistance from that country.

We must analyze the situation from the political as well as the economic viewpoint because we are living next to a powder keg in Central America.

We must not only analyze the problems from an economic viewpoint; we must analyze them from the geopolitical and strategic viewpoint. Our situation if difficult, so I trust that your views and proposals will consider these aspects. Let us not hold former governments solely responsible for the situation; past events must also be taken into consideration. If the current situation had come about during peaceful times, it would have represented a catastrophe. We must not forget that these have been conflictive times, and the Guartemalan Army has countered the crisis. In addition, this transitory and de facto government has probably managed to achieve what former constitutional governments were unable to: get together and exert a joint effort. This is our obligation because we believe that unless we achieve this unity, we will have much more to lose than just figures.

It is quite true that the fiscal deficit should be a topic restricted to a dialogue among all the country's sectors, properly represented and with the capacity to adopt joint initiatives. We are facing serious unemployment problems, worsened by truly dramatic situations where the most essential items are unavailable. I think that all those gathered here are aware of the situation that prevails in the countryside. It is deplorable to see that many towns still live in colonial times. It would be senseless to consider a development plan for the year 2000; the advantages and disadvantages of a liberal regime; or a centralized economy when we have a problem with great economic, political, and social implications in our country: our fiscal deficit.

We cannot hope to stabilize our economy if we do not take firm steps regarding our fiscal deficit. We hope that this national dialogue will lead to a viable solution to this problem, a matter in which the government, productive sector, and the working classes share responsibility. Our government hopes that this issue will be analyzed bearing in mind Guatemala's need for an equitable solution that merges the efforts of all the different social groups into one great national effort. In any case, we hope that personal interests will not prevail over national interests.

Ever since we took over as head of state, we have proved our ability to initiate a policy of austerity and honesty. Right from the beginning we left vacant the positions of private secretary, personal secretary, and secretary for presidential affairs. I do not need secretaries to work. In addition, and to prove that we can set the example -- as reported yesterday by "Today's Scoop" -- I have issued a note to the ministers saying that they must refrain from making trips abroad, and this includes myself. The Guatemalan ambassadors will be in charge of representing Guatemala whenever necessary in the countries they have been accredited to. The ambassadors will attend respective events on behalf of Guatemala and send reports to each ministry. We have started to enforce austerity in this way, and we believe that it must not only be austerity but also honesty, perhaps the ingredient we need most regarding our fiscal reorganization.

Regarding customs costs, revenues, and so forth, we know that there is no austerity, but only squandering; there is no honesty, and in May [6-second break in transmission] tighten our belts. It has frequently been said that there are some government organizations that do not function, or if they do function are not doing so very well, or are not really necessary. As of 31 May, the head of state will suspend, or abolish through a government decree, the unit for the Coordination of Public Administration offices. I think that the ministers will be my best advisers and coordinators.

I want to state that this dialogue is crucially important and I am sure that you share this opinion. We not only need to seek opinions to resolve the fiscal deficit, I think we are facing what could very well be the last opportunity to join our efforts and take a step toward the country's economic stabilization. If we fail, if we do not openly analyze the problem, and if we cannot take a firm step toward its solution, the situation could worsen and the next government could face difficult situations that might endanger the country's democratization.

Two more issues: The first is that we must be clear in this dialogue. This and other dialogues should be geared toward a search for options to correct the fiscal deficit -- the main cause of our present economic and exchange instability -- as a prerequisite for economic reactivation. The impatience of some sectors is understandable, as they want to reactivate the economy, but we believe that our economy, sick as it is, must be seen as a severely wounded person who must be stabilized before being diagnosed, treated, and recovering. The second issue is the problem of time. We trust that the government will be able to make short-term decisions, depending on the results of the dialogue. This means that there is little time, that the time for solutions is short. I hope you will keep this aspect in mind. I ask all of you, based upon the knowledge you have received through the information provided here, which will be broadened at a later date as many have requested, to make sure to send your initiatives, suggestions, recommendations, and possible solutions directly to the presidency, the Finance Ministry, or the Bank of Guatemala, whichever is easiest for you, within no more than 10 days. With this material we will prepare a bill that will be studied by a commission of technicians established for this purpose. Finally, I would like to say that this dialogue is very encouraging for us, not only because we trust that the ability, patriotism, and interest of the Guatemalans will allow us to find a solution to the fiscal problem, but because this solution can show us the path to follow in analyzing other economic, political, and social problems troubling our country. Thank you very much.

HONDURAS

PAZ BARNICA, DELEGATION LEAVE FOR WASHINGTON

PA301706 Tegucigalpa Voz de Honduras Network in Spanish 1345 GMT 29 Apr 85

[Excerpt] A high-level delegation made up of the members of the subcommissions for economic and security affairs, will depart from Tegucigalpa for Washington today. The following are the members of the delegation: Foreign Secretary Edgardo Paz Barnica; Secretary of the Presidency Ubodoro Arriaga Iraheta; Colonel Efrain Gonzalez Munoz, chairman of the Armed Forces Joint Chiefs of Staff; Manuel Antonio Fontecha, secretary of finance and public credit; Gonzalo Carias Pineda, president of the Honduran Central Bank; Moises Starkman Pinel, minister adviser of the Presidency; Colonel Francisco Zepeda Andino, Air Force general commander; Colonel Leonel Riera Linatti, commander, 1st Infantry Battalion; Colonel Wilfredo Sanchez, chief of Army General Staff; Colonel Constantino Alvarez, chief, Air Force Plans, Programs, and Policies Department; Major Manuel Antonio Urbina, acting chief of the Public Security Forces Officers School; Foreign Secretariat advisers Jorge Ramon Hernandez Alcerro, Carlos Lopez Contreras, and Policarpo Callejas Bonilla; Armed Forces adviser Carlos Lorenzana; and Juan Agurcia, Honduran ambassador to Washington. The members of the high-level delegation expect to meet with U.S. Secretary of State George Shultz, U.S. Defense Secretary Caspar Weinberger, and Langhorne Motley, U.S. assistant secretary of state for inter-American affairs. They will also participate in working meetings with officials of the U.S. Administration to discuss bilateral assistance.

SUAZO LETTER TO WORKERS ON 'INSTITUTIONAL CRISIS'

PA291306 San Pedro Sula TIEMPO in Spanish 23 Apr 85 pp 2, 3

[Letter from President Roberto Suazo Cordova to "Representatives of the Labor and Peasant Movement;" issued in Tegucigalpa on 20 April]

[Excerpts] Representatives: I am addressing you with regard to the position of the labor and peasant movement in regard to the institutional crisis that the country is enduring.

The document stating this position was delivered to me, together with a note of 19 April from Mr Andres Victor Artiles. That note explained that the document would be reaching me through Brigadier General Walter Lopez Reyes, commander in chief of the Armed Forces, and that it had been prepared by acknowledged and organized labor and peasant groups of Honduras for the purpose of contributing at this historic moment with solutions that could alleviate the current political crisis affecting our nation.

In the conclusion of its first statement the labor and peasant movement states that "the crisis generated by traditional politicians has created differences among the three branches of the state, that this is provoking great problems for the country in general and the Honduran people in particular, and that this situation has resulted in a regression in the nation's social, economic, cultural, and political life." We share this point of view with you because it is not necessary to make an extraordinary effort to establish clearly that party-type personal ambitions led progressively to a crisis that has acquired institutional dimensions despite all the efforts and work the government has carried out to solve this regrettable situation.

In the second point of your document you state that the effects of the institutional crisis "are provoking a deterioration of our country's image abroad and that a good image is necessary to maintain good relations, peaceful coexistence and international peace. [quotation marks as published] What you have stated here does correspond to a true situation that hurts me as president of Honduras and as a citizen. This situation demands a timely rectification of attitudes to strengthen our participation in the international field. My government has repeatedly pointed out this negative situation since we have to solve problems that are fundamental for the interests of the country and for the very survival of the state, since Honduras has to carry out bilateral and multilateral negotiations that must not be endangered because of internal confrontations resulting from the senseless attitude that has emerged in the legislative branch, where there has been a lack of the careful thinking necessary to understand the damage being done to the country.

In the third point, you present to the presidents of the three state branches and political parties the recommendations you believe are viable for a peaceful, just, and quick solution. I will now refer to these recommendations that you have made as spokesmen for the majority of the Honduran people. I will do so with the concern that arises from an attitude of understanding so that the crisis may be solved.

In the first recommendation you state that "the constitutionalist and democratic system that all Hondurans chose in 1981 must prevail so that the people may live in an environment of peace, liberty, and social justice." I can do no less than agree with that important recommendation.

In the second recommendation you ask the president of the Republic "to pardon and set free the citizens who were elected by the National Congress to the post of justices of the Supreme Court." Regarding this recommendation I want to tell you with the frankness characteristic of me that this situation has been a source of concern for me in spite of the unconstitutional procedure used by the legislative branch to replace justices of the Supreme Court.

In spite of this, I must say that I favor searching for mechanisms to find, with a humanitarian sense, a solution of understanding in the framework of the law for the situation you have pointed out. However, the security of the state must not be endangered at any moment.

In the third recommendation you mention that "the justices who are in office and the justices recently elected by the National Congress should resign so a new Supreme Court that would include citizens not involved in the current political crisis may be elected in line with constitutional norms."

In this regard I am of the opinion that this is a matter that depends on the will and decision of the Supreme Court of Justice. We respect the principle of separation of powers, which is an achievement that has evolved in the constitutions in civilized nations, and for this reason we cannot pass judgment but uphold what the Constitution states about justices of the Supreme Court being elected for a constitutional period that the legislative branch has tried to violate in an attitude that represents overstepping a legally constituted power.

In the fourth recommendation your movement states that "the reforms made to the electoral and political organizations law by the National Congress, which were vetoed by the constitutional president of the Republic, must be in line with constitutional procedures." I fully agree with this recommendation, which deserves our respect and applause for the workers and peasants of Honduras because they, through their representative organizations, have acknowledged that the mentioned reforms must adjust to established constitutional procedures.

I want to point out here that I have exercised the right of veto granted me by the Constitution because, after careful analysis, we decided that the decree by which the National Congress reformed the electoral and political organizations law is unconstitutional. As I stated in supporting my veto decision, if those reforms were to be implemented they would abolish within political organizations the principle of proportional representation guaranteed by the Constitution, since the decree calls for elimination of Article 19 of the electoral and political organizations law.

In the fifth recommendation you state that it would be healthy "to establish, as a constitutional rule, that the president of the Republic, the president of the National Congress, and the president and justices of the Supreme Court of Justice be unable to participate in politics for as long as they remain in office." I believe that this constitutional reform that you propose, as well as others aimed at overcoming gaps that exist, must be carried out using the most adequate procedures in line with the legal and political structure of the Honduran state, a structure that must be improved.

Regarding the president of the Republic, the people know that although the constitutional reform that you propose is not in effect, I have resigned from the post of general coordinator of the Rodista Liberal Movement. I will not occupy or exercise this political position so long as I am responsible for the executive branch.

In the sixth recommendation you state that "state secretaries and deputies should dedicate themselves to carrying out their functions and that for the remainder of this administration they should deal exclusively with projects of social impact that should contribute to improving the living conditions of the poor people of the country, and these officials should not continue promoting the dismissal of public employees as a sectarian political reprisal." Regarding this recommendation, I will refer to what falls within the scope of the executive branch but not to that which concerns the deputies, because that is in the jurisdictional scope of the legislative branch. I have given precise instructions that the secretaries of state and the officials and employees of the executive branch must dedicate themselves totally and without sectarianism to their administrative functions, in line with the law and on the basis of my government's goal of public employees working for collective well-being and not for personal benefits or to satisfy personal ambitions or take advantage of the electoral process this year.

In your ninth recommendation you state that "the honorable members of the National Congress should cease their provocative statements and personal insults because this only serves to create more unrest and confusion among the people." We have always been convinced that deliberations in ahy forum must be carried out with respect, seriousness, and patriotism so the people may have guidance and their needs may be satisfied, and to propitiate understanding.

This is very necessary now because Honduras is going through a difficult domestic phase that is becoming an increasing source of concern due to confrontations resulting from political ambitions and because externally Honduras must face, as we have been during the past few years, threats to our democratic way of life and government, the need for international cooperation for development, and the threat of an ideologic strategy aimed at implanting a totalitarian regime that denies God and human dignity in our country and in other Central American nations.

In the tenth recommendation, "the labor and peasant organizations reaffirm their support for the constitutionalist position adopted by the Honduran Armed Forces for a solution to the current political crisis." With the eleventh recommendation, the labor and peasant movement cautions the leaders of the political parties that if the solution proposals listed in the statement I am now answering are not taken into consideration, they will be "the ones directly responsible for what may happen in the country."

First, I want to congratulate you for this attitude. The Armed Forces have assumed a responsible and impartial role to contribute to a solution to the crisis we are enduring and to prevent a break in the social calm and public order that prevails in Honduras as a result of the crisis. Your support for our Armed Forces deserves the acknowledgement of the president of the Republic and the Honduran people. For this reason, I respectfully reiterate my appeal for you to continue supporting our Armed Forces' patriotic attitudes which, like this one, contribute to adequate and satisfactory solutions with the interests of the fatherland as a priority.

The leaders of the political parties must think about the responsibility they have, not to disappoint the Honduran people and not to cause resentment by taking advantage of their posts because in this way they would endanger our process of democratic consolidation and the efforts for a better Honduras.

Finally, I once again reaffirm my decision to promote the proposals you have made for the well-being of Honduras and the Honduran people. When the government and the people march united, trust is the best tool to win over uncertainty and obstacles now and in the future. I greet you with respect, appreciation, and sympathy.

Cordially yours,

[Signed] Roberto Suazo Cordova, president of the Republic

PATRIOTIC FRONT ISSUES COMMUNIQUE ON 'CRISIS

PA261237 San Pedro Sula TIEMPO in Spanish 23 Apr 85 p 11

[Paid Advertisement by the Honduran Patriotic Front]

[Text] We advocate a democratic solution to the current national crisis and a large-scale mobilization of the people.

The crisis which has prevailed in Honduras is a crisis in which the main roles were played by the president of the Republic; the Armed Forces; Liberal Party of Honduras, PLH; candidates Efrain Bu Giron and Jose Azcona del Hoyo, the two estranged factions of the National Party of Honduras, PNH; the workers and peasants' bureaucracy; and the conservative businessmen. The common denominator of all these protagonists is that all of them have openly advocated a U.S. solution to all the problems in our country and all of them support Reagan's policy toward Central America. The differences which might prevail among them are not deeply rooted. They are mainly differences in opinion about methods and forms of handling underdevelopment and dependency.

Those who oppose President Suazo are doing it mostly because of the despotic control he exerts on the PLH and the PLH's interference in PNH affairs. This attitude is correct, but the confrontation is greatly undermined by the fact that nothing has been said to the president about his policy of violating the national sovereignty and the country's dignity; his policy of tolerating and advocating a regime that violates human rights; his foreign policy that is subordinated to the U.S. President's mandates; and his economic policy that consists of foreign monopolies. That is main reason the people have not been able to unite effectively and why Suazo Cordova has gained an advantage.

Likewise, this internal crisis -- provoked by disagreements at the Presidential Palace -- is derived from and has worsened the overall crisis that prevails in Honduras. The crisis has developed and extended to other sectors of our country and society, which have in turn influenced even more sectors. It would not be strange if this crisis were used to promote actions at the international level, or to reorganize forces within important institutions of the country.

Much to our historical shame, Honduras represents a key element in Reagan's interventionist policy from the military and diplomatic viewpoint, particularly now, when an enormous contingent of U.S. ships, aircraft, tanks, radars, and soldiers is carrying out impressive land, air, and sea military maneuvers. Therefore, it is logical to think that Honduras' domestic and foreign policies will be subordinated to this frightful war project. Thus, the development of this crisis and its possible solution -- from the dominant sectors' viewpoint -- will be determined by the way in which it favors, damages, or leaves untouched the goals of the U.S. presence in the country, and the goals of the political-military alliance between the United States and Honduras.

The figure of Dr Suazo Cordova appears within this scheme of things as the leader who mostly diligently promotes the current U.S. Administration's plans in the area. He subordinates his dignity as president of a truly sovereign country to his role as Reagan's man in Central America.

The barbed wire and military structures which identify a U.S. base in any country of the world stand close to his hometown and the civilian and military war harbingers from Washington and Panama come there, to Palmerola, to harangue, with an irritating arrogance and lack of respect for Honduras, as occupation troops. The Honduran president's ideas about the situation in Nicaragua, the Somozist counterrevolutionaries, and the Salvadoran people are President Reagan's ideas, which were also the ideas of General Gustavo Alvarez Martinez in his heyday. Consequently, any solution conceived by the U.S. Embassy regarding a national problem will be supported by its main ally, Roberto Suazo Cordova. The U.S. Government will move all its internal resources toward this goal and not toward other allies, which are momentarily occupying second place. This includes political leaders, bureaucrats, union leaders, top-level officers, conservative businessmen, news media, and so forth.

As far as the presidential successor is concerned, the foreign invaders will undoubtedly favor the actions proposed by their main ally, Dr Roberto Suazo Cordova.

The Army's position is particularly important. Following the ouster of Alvarez Martinez, the new top military echelons sought to review the military alliance between the United States and Honduras, the brazen argument that justified postponement of a border delimitation with El Salvador, cooperation with the Salvadoran Army, and support to the Nicaraguan counterrevolutionaries. The ideological borders are more important than the geographical borders.

The new top echelons rejected the cooperation with the Salvadoran Army. They urgently demanded a border delimitation and requested Reagan's support in this concern, which was refused.

They reviewed the brazen alliance between the Army and the Somozist bands, showed concern for the high cost that the joint military maneuvers with the United States represent for Honduras, and promised relatives of missing people that they would get an honest answer regarding the fate of their fellow citizens. The current crisis is taking place at a time when the U.S. Embassy is still unhappy about what can be considered the disrespect of the new military leaders. The top military echelons are afraid of the intelligence apparatus that the CIA has installed in the Army, and of Alvarez Martinez' ghost, which still lurks in the offices, garrisons, and barracks, and has been conjured up more than once for political blackmail. This makes them susceptible to withdrawal and hesitation.

When Suazo Cordova saw that his political plans were sinking, when an overwhelming majority in Congress defied an authority that he thought unobjectionable, and when doors were opened for important changes, he sought out the Army. The top military echelons dramatically decided to support him and turned their backs on the first power of the state. Was this a constitutional action, albeit conceived in a deplorable way? Was this action imposed by Suazo Cordova's external allies? The fact is that, with this decision, the top military echelons served the interests they had been countering: those of the Nicaraguan counterrevolution, where Alvarez' influence is still felt and where a source of conspiracy can exist. They also served the interests of the Salvadoran Army and of the sectors that staunchly support the old military alliance with the United States -- all of which are embodied in Suazo Cordova. In addition, and this is even worse, they served the interests of a presidential candidacy conceived to provide a continuity for Suazo Cordova's compromises and cover the president's back regarding the missing persons' issue. Apparently, he is seriously implicated in the latter issue, because he defends certain business sector interests, and certain cases of corruption.

The Army's top echelons, urgently seeking to justify their unfortunate decision, resorted to traditional Honduran politics: They approached the old labor bureaucracy to issue a so-called impartial document that advocates Suazo Cordova's position regarding national policies and with the PLH, legitimizes the evasion of internal elections and the postponement of urgent amendments to the electoral law, praises the attempts to undermine the authority of Congress, and enforces an imposed presidential candidacy. Thus, everything seems to have concluded and the newspapers announce that the crisis has been resolved.

It is quite probable that the crisis is not over. However, following this confrontation, our people have reached valuable conclusions. Perhaps the most important conclusion is that the governing PLH is pledged to the most anti-Honduran interests and should not get the people's votes in the next election.

This confrontation, which shows Honduras' overall political crisis, must also give way to what we have proposed on other occasions: an electoral convergence of all the forces that oppose the policy of the current administration, which, from the seat of power, will set out to carry out the following minimum program:

1. Rescue the country's dignity and national decorum, withdraw foreign troops, and put an end to an international policy of confrontation.

2. Promote full respect for human rights, dismantle paramilitary groups, and respect the integrity of organizations.

3. Immediately demarcate the border with El Salvador and assert our sovereign rights in the Gulf of Fonseca and the areas that have not been demarcated.

4. Implement strict economic measures to lessen the effect of the world economic crisis, the high cost of living, and the country's loss of capital.

A proposal to pull out of the crisis within the framework of the Constitution and face the solutions promoted from the U.S. Embassy, must be based on the mobilization of the people. The president and his clique will never yield an inch in their dictatorial stubbornness if all we do is act blindly and hold secret meetings. The president knows that he has powerful allies. For this reason, we propose the creation of a broad alliance of forces to win a majority in Congress, backed by a great popular mobilization, which, by fighting in the streets and using every rostrum available, will set out to:

1. Force the president to abide by congressional decisions, withdraw the troops that prevent the Supreme Court justices from taking office, and to cease meddling in the affairs of other state branches.

2. Demand abolishment of the arrest warrants issued against the justices chosen by the Congress.

3. Demand that the president sanction the amendments to the electoral law and other congressional resolutions aimed at democratizing the electoral process, as well as the amnesty decree.

4. Ask Congress: A) To ask the Armed Forces for a true report on the missing people; B) to issue an amnesty decree for political and related crimes committed since the last amnesty until the day the decree is issued; C) to order the immediate withdrawal of foreign forces that no other state branch can authorize to remain in the country; and D) to question the pertinent officials regarding the Honduran Government's participation in the acts of aggression against our neighbors that the U.S. Government is carrying out via the CIA.

5. Demand the people's participation in the review of military agreements with the United States.

This solution is proposed on the basis of the idea that only by combining our people's demands with the just demands made by the people can we achieve a great popular mobilization. To defeat Suazo Cordova's imposition, we must defeat his bases of support: the criminal foreign intervention with levels of foreign pressence never seen before in our sacred national territory, and the participation of the Honduran Government in the plans of aggression against neighboring countries.

NICARAGUA

ORTEGA DISCUSSES SOVIET VISIT, AID AGREEMENT

Departs Moscow

PA301438 Madrid EFE in Spanish 0904 GMT 30 Apr 85

[Text] Moscow, 30 Apr (EFE) -- Nicaraguan President Daniel Ortega drew a comparison today between the "exemplary" relations between the Soviet Union and his country and those maintained by the U.S. Administration which is "intent on bringing terrorism, destruction, and death" to Nicaragua.

Ortega left the Soviet capital today after meeting with Mikhail Gorbachev, "number 1" in the Kremlin, for Belgrade and other capitals in Eastern Europe. In his meeting with Gorbachev, the Nicaraguan president noted "the reiteration of USSR support for the policy of independence and self-determination of Nicaragua in view of the U.S. policy of aggression."

Ortega noted that USSR-Nicaraguan relations can be termed "exemplary," "which is quite contrary to those maintained by the United States which until now has only used the existing relations to openly attack the Nicaraguan people and take terrorism, destruction, and death to Nicaragua." Daniel Ortega described the policy of the floral wreath at the tomb of the unknown soldier as "a basic gesture of recognition to those who not only defended their fatherland, but the rest of the world from fascism."

Questioned at the airport on the nature of Soviet aid to Nicaragua, Ortega replied that it could be termed "cooperation for life, contrary to the U.S. actions toward Nicaragua whereby they have done nothing but send us death."

Regarding a possible expansion of Soviet military aid to Nicaragua, Ortega noted that Soviet cooperation with the Nicaraguan Government is centered "on the defense of the country: in economic order, in national reconstruction, and in humanitarian assistance." Ortega described U.S. policy as "adventuresome, hegemonist, and fascist."

Ortega's official visit to the USSR, which began on Sunday after a visit to Cuba, has been compared by official Soviet media to that of a leader of another socialist regime, as far as treatment is concerned. Until the brief press conference at the Moscow airport, the Nicaraguan delegation apparently accepted this treatment. The only references to Ortega's activities, including the topics discussed in his meeting with Mikhail Gorbachev, have been channeled exclusively through Kremlin spokesmen. Soviet newspapers have also treated Ortega and his delegation as "comrades" and have remained silent on all information regarding Ortega's itinerary in the USSR and his future itinerary, which was learned by EFE through reliable sources that are not close to the hosts and visitors. Daniel Ortega will travel to Belgrade and then to East Berlin as part of the initial stages of a tour "of friendly countries," as he has described the European socialist bloc.

Pays Visit to Yugoslavia

For reportage on the visit of President Daniel Ortega to Yugoslavia, see the Yugoslavia section of the 1 May Eastern Europe DAILY REPORT and subsequent issues.

ARMY SAID TO LAUNCH OFFENSIVE AGAINST CONTRAS

HK010453 Hong Kong AFP in English 0440 GMT 1 May 85

[Text] Tegucigalpa, Honduras, May 1 (AFP) -- The Nicaraguan Army has launched an offensive against rebel "contras" and attacked their main base in Honduras, reliable sources said here Tuesday. The offensive has driven 6,000 Nicaraguan contras to retreat into Honduras in recent days, the sources said.

The sources said the leftist Managua government's troops struck on April 19 at the contras' main base in Honduras, a logistics and training center at the village of Las Vegas five kilometers (three miles) from the frontier. Most of the so-called Nicaraguan Democratic Forces (FDN), including national guardsmen who fought for the Somoza dictatorship overthrown in 1979 by the Sandinista revolutionaries who are now in power in Managua, operate from Honduran territory. The FDN has received military aid from the U.S. Central Intelligence Agency (CIA) in the past, but the U.S. House of Representatives has now refused President Ronald Reagan's request for 14 million more dollars for the contras.

(Meanwhile, press reports in Managua said the Nicaraguan parliament had formed a multi-party committee to draft a constitution by next year. The 21-member committee included 11 members of the ruling Sandinist Front and 10 members of other parties ranging from conservatives to communists.)

FSLN NATIONAL DIRECTORATE ISSUES 1 MAY MESSAGE

PA010200 Managua Domestic Service in Spanish 0009 GMT 1 May 85

[FSLN National Directorate message to the Nicaraguan workers on the occasion of International Labor Day; read by Commander of the Revolution Bayardo Arce Castano, coordinator of the FSLN political commission, at the Cesar Augusto Silva Convention Center in Managua -- live]

[Text] On the occasion of another anniversary of International Labor Day in free Nicaragua, the FSLN National Directorate greets the Nicaraguan workers, peasants, employees, technicians, producers, administrative workers, service workers, and all our working people, who every day render appropriate homage to the martyrs of Chicago through the defense of their sovereign, free, and hard-working homeland.

This is the sixth year that the Nicaraguan working classes have been able to commemorate their day without clandestine events and without fear of repression. Even though we have the same combat morale, this time we firmly defend the new homeland and people's power, which is daily attacked and threatened by an imperialist power. Within the framework of our struggle, efforts, and production for the defense of our revolutionary achievements in every sector, the workers must reflect today on the challenge to their revolution which has arisen.

When our people and their vanguard, the FSLN, attained their revolutionary victory on 19 July 1979, we decided to fully claim our national sovereignty and independence, eradicating exploitation and poverty, to build a just society, improve our people's material and spiritual conditions, and to create a state at the service of the great working meases, an expression of the recently achieved people's power. Nicaragua was then able to offer and accept the friendship of all the peoples of the world and develop relations with all the governments which offered their friendly hand, regardless of their political regimes. Our peasants acquired the land they tilled, and the industrial and agricultural workers vigorously developed their labor organizations, with full liberty to demand their rights and be part not only of the economic efforts, but of the construction of our new society.

More than 500,000 Nicaraguans learned to read and write, and the student population in every field and at every level was doubled through a policy of free education. Health services began to be extended as a right, rather than an act of charity, for all citizens. All sectors' access to basic products was guaranteed by food and transportation subsidies. The workers raised their voice, through their political vanguard, the FSLN, and their labor organizations, and stated their particular interests at the state council, agrarian reform council, and the consultative congresses held by the ministries and many organizations, in order to participate in the creation of the new revolutionary state.

Following the victory of the Sandinist people's revolution, no important action has been conceived or carried out without the active participation of the working classes. The education programs, adult education programs, health drives, agrarian reforms, distribution of staples, and, of course, the defense of this new Nicaragua, have been carried out by workers seeking control of their own destiny. All the weapons were given to the people in the battalions for irregular warfare, reserve infantry battalions, Sandinist people's militias, the Sandinist People's Army, and the Interior Ministry. This is our most constant proof that the Chicage martyrdom has been avenged by the Nicaraguan workers. However, external and internal reactionary forces have risen against the Nicaraguan workers' achievements.

During the last years, our people and our revolution have heroically and courageously countered the brutal aggression which has been launched by the Reagan administration since its beginning. Thousands of Somozist guards, armed with equipment and an abundance of resources channeled through the CIA, have tried to fulfill the imperialist order of ousting and destroying our Sandinist people's revolution. We have withstood financial boycotts and diplomatic isolation campaigns. We have suffered the mining of our ports and sabotage of our fuel supplies. Hundreds of state production units, cooperatives, and private farms have been damaged or sabotaged. Efforts have been exerted to destroy our coffee harvest and our basic foodstuffs production and the border towns, more accessible to the criminal actions of these bands launched from CIA-organized bases beyond our borders, have suffered continuous kidnappings, harassment, terrorism, and mass murders, which have not spared women, the elderly, or children.

In addition to the external aggression, we have withstood the sabotage and undermining actions of those who betray their homeland. They lost some of their privileges but, thanks to the revolution's generosity, they are free to operate in the country. These sectors want our people to ignore the origin of our current problems and the identity of our aggressors. They seek to confuse and discourage the people, making them believe that the revolution is responsible for our problems.

Nevertheless, all the imperialist efforts and plans, all the criminal fierceness of its mercenary forces, and all the ignominious complicity of its internal lackeys have not been enough to achieve their goals. We are less than 3 months away from the 6th anniversary of the revolution's victory, and the working people of Nicaragua are here, commemorating for the sixth time their International Labor Day. Our enemies have not been capable of destroying us: They have not forced our people to change their revolutionary goals. Our struggle has become a Latin American and Third World cause, and a challenge to governments which respect the dignity of nations and love peace. The imperialist political and diplomatic maneuvers have been defeated: Nicaragua and its revolution have not been isolated.

We have struggled and will continue to struggle for peace and our rights, with flexibility, but with dignity and firmness. The military aggression carried out through mercenary forces has not achieved its goals or undermined the people's morale. We have dealt political and military blows to the counterrevolution's forces, and most of its hordes have sought refuge in their sanctuaries on neighboring borders. The mercenary aggression, at a time when our fighting people have not deployed their full fighting capacity, is being defeated.

We advance toward the sixth anniversary of our revolution's victory, proud of our people, their heroism, and their firmness. We have hopes for the future, certain that we will be able to make our dreams come true. Slanderous campaigns will continue to crash against our revolutionary truth and, despite the international crisis, blackmail, and sabotage, we will be able to advance toward socioeconomic changes in order to make more important achievements for our people in the education, health, and production sectors.

The defense of our ideals and our rights has represented a high cost in blood, our people's conditions, and material destruction, and the sole responsibility is borne by the imperialist strategists, their mercenaries, and their accomplices.

We must continue defeating aggression, threats, and blackmail. This alone will give us back the peace necessary for ensuring the rights of the people. The only possible path is that of continuing forward, fighting aggression and its effects. It is true that the economic and material conditions of the country are extremely difficult and dramatic, but not a single step backward in the face of the imperialist aggression would be the solution.

Through our own efforts, capabilities, and the human wealth of our revolution on all fronts we will be able to clear up the future in order to resume the path of achievements which we started on 19 July 1979. In order to face the crisis, the aggression, we have proposed to our people a series of economic measures which basically seek to support national defense. We must promote agricultural and industrial production in line with the basic needs of the people. We also plan to struggle, at the same time, against the wage maladjustments, the effects on inflation on the family's staples, the lack of supplies, speculation, and the disorders in the market which we have been facing in recent years, as well as corruption. Within this effort, the revolutionary government has decided to make new salary readjustments, which were announced today.

The president's tour through the socialist countries is part of the search for specific solidarity to supplement our efforts. However, at all times, we must bear in mind that the main aspect is our own efforts. In the midst of an unjust and unequal war, which is combined with an international economic crisis, it is difficult to solve these problems. It is, in fact, very difficult to solve them, but we must face them, bearing in mind, above all, the interests of the people. After defense, the economy is our most difficult front. Although it is true that we have been waging a successful war on the military front, in 1985 we have greater difficulties in the economic aspect. Our problems could even worsen.

It is public knowledge that the Reagan administration is planning to impose an economic blockade on Nicaragua, by breaking commercial relations with our country, which would mean it would close its markets to our beef, seafood, bananas, tobacco, sugar, and other export products. It would mean we would not be permitted to purchase any U.S. product, raw materials, or spare parts. They want to force us to surrender through hunger, pull us down on our knees through economic difficulties, but they will never achieve this. Sooner or later, they will have to understand that the revolution unites all Nicaraguans, workers and peasants, in the march which, as Sandino said, will go to the very end.

Our organized forces will succeed. Nicaraguan workers must bear this in mind on celebrating Labor Day. We must redouble our efforts and become stronger in the face of the challenges and difficulties.

The FSLN National Directorate proposes to the Nicaraguan people, and particularly all workers, the following:

1. We must guarantee the defense of the revolution, which means the survival of all of the people's achievements and the only possibility of materializing our best ideals, our future, and that of our children.

2. We must support the call to the Patriotic Military Service and all Nicaraguans must join the Sandinist people's militia.

3. In a most patriotic unity, we must mobilize the efforts of all producers, whether these are state-owned, or are cooperatives, small, medium, or large, for the production of food and export goods.

4. We must become more responsible in helping the children and relatives of the mobilized companeros who are in combat, and particularly of those who fell defending our fatherland.

5. We must redouble our efforts at work, so that we can take over the tasks of the mobilized companeros.

6. We must promote the training of Nicaraguan women so they will join the productive effort and replace the men who leave for combat.

7. We must better organize revolutionary surveillance and civil defense in the centers so that we can prevent and neutralize sabotage attempts by the CIA and its mercenary force.

8. Let us promote volunteer work: Let us resolve to be up-to-date on our jobs so that we can decrease operating costs by not having to pay overtime.

9. Let us increase the output of work with greater organization and discipline in the production aspect, making better use of the workday. Let us advance in job performance with the correct salary scale, the profits in enterprises, and labor emulation.

10. Let us fulfill business production plans with lower production costs, save energy by avoiding raw materials waste and improving maintenance work on machinery and equipment.

11. We must take care of the people's resources. We must improve administrative controls and increase surveillance against those who waste and misuse funds. Let us keep up to date all inventories of resources so we will not be forced into scarcities.

12. Let us definitely eliminate payments and exchanges between labor unions, which in the present circumstances promote a shortage of supplies through the official distribution channels, contribute to speculation, and increase inflation and the corruption of city workers, while at the same time ignore the peasants and agricultural workers who are working under war conditions with great devotion to provide the entire nation with food. Everyone should share in coping with the imperialist aggression.

Let us continue to honor the workers cause every day with our struggle, efforts, and production. Let the first of May live everyday in our efforts. Long live free Nicaragua, long live the people's power. Free fatherland, or death. Everyone against the aggression.

GOVERNMENT RELEASES FIVE MISKITO PRISONERS

PA291752 Managua Radio Sandino Network in Spanish 1200 GMT 29 Apr 85

[Text] An amnesty for the Miskitos is not a government concession; it is a principled position that fulfills the agreement signed with the Indian organization, the Miskito, Sumu, and Rama Sandinist Unity [Misurasata], said Guerrilla Brigade Commander Omar Cabezas, chief of the Interior Ministry Political Directorate, as he officially presented five Miskitos released by the revolutionary government.

[Begin recording] This release, this amnesty for these Miskito brothers who were in prison, is not a government concession; it is a principled position and fulfills an agreement we made with Misurasata or the [word indistinct].

With the honesty that characterized the revolution, we want to recognize -- and we are not ashamed to say this but we would be ashamed not to recognize it -- that the revolutionary government and the FSLN committed an error in their treatment of the Indians. These mistakes were not made through wickedness or ill will. We made them through our lack of knowledge, through ignorance, and through a lack of experience. As revolutionaries, we are honest in accepting our mistakes.

These same mistakes led to disagreements with the Indian companeros -- the Miskitos, Sumus, Ramas, and others. There was a great deal of confusion. As the popular saying goes, there was fishing going on in troubled waters. Taking advantage of this situation, our strategic enemies such as U.S. imperialism, and especially the CIA, became involved and tried to influence the Indians against the revolution. They found some Miskito sectors willing, and took advantage of their disagreement with the revolution. However, there were Miskitos who where aware of the fact that the problems were the result of the revolution's mistakes and they did not participate in our enemies' plans. [end recording]

Meanwhile, Marcos (Poppington), one of the Misurasata delegates at the Indians' presentation, said that the Miskitos release is a positive step in the search for lasting peace in the region.

[Begin recording -- broadcast in progress] ...Positive step in the search for lasting peace. We must review the situation, face it, and solve the issues causing the problem so that together the brothers abroad and those who are in the country but have been forced to flee from their homes can return and live in peace with all of the Indian communities. [Passage indistinct] the unresolved historical differences among the Indian communities. [end recording]

Three of the released prisoners expressed their satisfaction and gratitude to the revolutionary government.

Nine More Indians Released

PA292123 Managua Radio Sandino in Spanish 1750 GMT 29 Apr 85

[Excerpt] Nine indians of the Misurasata group who were involved in counterrevolutionary activities were released from prison yesterday in Bluefields by the revolutionary government. This action was carried out in line with the revolutionary government's peace policy and agreements reached with Misurasata representatives to try to solve the problems on the Atlantic coast peacefully.

CRUZ REQUESTS DIALOGUE BETWEEN FSLN, OPPOSITION

PA301423 San Jose Radio Impacto in Spanish 1830 GMT 29 Apr 85

[Text] Arturo Cruz, former presidential candidate of the opposition Nicaraguan Democratic Coordinating Board, has requested a dialogue b tween the Sandinists and the armed democratic opposition, as well as new general elections. Cruz' conditions for a national dialogue include a complete agenda, a maximum deadline of several months to reach agreements, and an internal guarantees system, as requested in the documents approved earlier in San Jose, Costa Rica, and (Maraca).

CASTRO RECEIVES VISITING PANAMANIAN LEGISLATORS

Visit to Agricultural Areas

PA301552 Havana International Service in Spanish 1600 GMT 29 Apr 85

[Text] A delegation of Panamanian legislators headed by Alfredo Oranges, president of Foreign Relations Committee of the Legislative Assembly, toured the Valles de Picadura livestock breeding farm in Havana as part of a visit to Cuba. They were invited by the National Assembly of the People's Government. The Panamanian visitors were received by Ramon Castro, director of the farm, who informed them of the latest advances in cattle-breeding in the region. They later toured several communities and the modern plant which produces picabu, a new substance of high nutritional content used to feed cattle.

Castro Receives Delegation

FL301236 Havana Domestic Service in Spanish 1045 GMT 30 Apr 85

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has received the delegation of Panamanian legislators that is visiting us, headed by Dr Alfredo Oranges, chairman of the Foreign Relations Committee of the Legislative Assembly. At the meeting, held in a fraternal atmosphere, the economic problems of Latin America and the Third World were discussed, especially as related to development and to relations between Cuba and Panama.

Legislators End Visit

FL302240 Havana Domestic Service in Spanish 2130 GMT 30 Apr 85

[Text] Alfredo Oranges, head of the Panamanian parliamentary delegation, which has departed Cuba to return home, has said that Fidel Castro's statement that the foreign debt is unpayable is fair and has the support of all honorable men of this continent.

Oranges, who is chairman of the Foreign Relations Committee of the Panamanian Legislative Assembly, also stressed the importance of the meeting with Fidel, whom he called a statesman concerned with Latin American problems.

C.R. RODRIGUEZ RECEIVES URUGUAYAN COMMUNISTS

FL301530 Havana Domestic Service in Spanish 1000 GMT 30 Apr 85

[Text] Carlos Rafael Rodriguez, Politburo member and vice president of the Councils of State and Ministers, has received a delegation of Uruguayan Communists in Havana. Jaime Perez, deputy secretary of the Uruguayan Communist Party, heads the visiting delegation.

During the meeting, matters of common interest to both parties were discussed, with special attention being given to the situation of the continent, especially regarding the foreign debt problem. Jaime Perez provided complete information on the new direction given to the Uruguayan people, and Carlos Rafael expressed to him the satisfaction and hope with which Cuba has received the historical change that has taken place in Uruguay and other countries located in the southern part of the continent. The two leaders reiterated the support of their respective peoples for the Contadora Group and solidarity with Nicaragua.

FOREIGN MINISTER MALMIERCA VISITS VIETNAM

For Hanoi VNA and Havana radio accounts of the visit to Vietnam by Foreign Relations Minister Isidoro Malmierca, including talks with Vietnamese Foreign Minister Nguyen Co Thach and the signing of a cooperation protocol, see the Vietnam section of the 1 May Asia & Pacific DAILY REPORT and subsequent issues.

JORGE RISQUET MEETS WITH CSSR DEPUTY PREMIER

FL261521 Havana Domestic Service in Spanish 1000 GMT 26 Apr 85

[Text] Jorge Risquet Politburo and Secretariat member, has met in Havana with Matej Lucan, Communist Party Central Committee member and CSSR deputy premier. The meeting was held in a cordial and friendly climate in keeping with the existing close ties between the two countries.

Risquet and Lucan discussed aspects of cultural development in Cuba initiated with a literacy campaign and the continuation of the improvement of the people's education levels.

Matej Lucan conveyed greetings from CSSR Head of State Gustav Husak to Commander in Chief Fidel Castro. He said his country values the political positions and economic achievements of the Cuban revolution and the role it plays in the Nonaligned Movement. Lucan is leading his country's delegation attending the Czechoslovak cultural conference in Cuba.

REPORT ON GORBACHEV-ORTEGA MEETING

PA301539 Havan International Service in Spanish 1800 GMT 29 Apr 85

[Text] The USSR has emphatically proclaimed itself in favor the the inalienable right of the Nicaraguan people to a free, democratic, and independent development and has expressed its solidarity with that country's struggle against imperialism's aggressive plans. This, among other concepts, is expressed in a document issued at the conclusion of a meeting in Moscow between Mikhail Gorbachev, CPSU general secretary, and Commander Daniel Ortega, Nicaraguan president.

On Central America, the leaders of the two countries supported the efforts of the Contadora Group and other states and international organizations. The Nicaraguan president reaffirmed his government's willingness to hold talks, on equal terms with the United Sates to normalize bilaterial relations. The Soviet leaders offered their full support to Nicaragua's initiatives to eliminate tension and guarantee peace in the Central American area.

REPORTS ON REAGAN'S 10-DAY EUROPEAN TOUR

FL301543 Havana Television Service in Spanish 1100 GMT 30 Apr 85

[Text] U.S. President Ronald Reagan will travel to FRG, first stage of a controversial 10-day tour through Western Europe.

From 2-4 May Reagan will attend an economic summit of the seven most industrialized Western countries -- the United States, France, Great Britain, the FRG, Italy, Canada, and Japan. The EC president will also participate.

White House media sources said the United States will press for a new round of talks on the general trade and tariffs accord with set datelines despite the resistance of some countries led by France. It added that in political matters, Washington will seek support for its space militarization program and will bring up the conflicts it is involved in the Middle East, Africa, Asia, and Central America.

The most controversial and criticized point is Reagan's visit to Bitburg cemetery where he will honor Nazi officers buried there. Last week, the U.S. Senate passed a resolution in which it asked the President to refrain from doing so and 257 representatives wrote FRG Chancellor Helmut Kohl for the same reasons.

DOMINICAN REPUBLIC

PEASANTS PROTEST ARRESTS FOR OCCUPYING LAND

FL261948 Santo Domingo Radio Mil Network in Spanish 1000 GMT 26 Apr 85

[Text] Monte Plata -- More than 80 peasants occupied the Catholic Church at noon yesterday demanding the freedom of 57 others who were arrested after occupying land that allegedly belongs to the state. According to Vicento Hernandez, the Monte Plata correspondent for the Radio Mil program "Informing," the peasants live in the communities of El Bosque, La Jagua, Mirador, El Cercadillo, and others. He said the jailed peasants had occupied 257 hectares of land in the (El Cojito) sector, which supposedly belongs to the state. The farmers who occupied the Monte Plata Catholic Church asked the director of the Dominican Agrarian Institute to distribute the land because it is being used by landowner Rafael Fermin Diaz.

BRIEFS

PEASANT LEADER DEAD -- Ruben Perdomo Tamarez, 27, an adviser of the Southern Peasants Federation, leader of the Socialist Bloc, and member of the Dominican Front of the Left, was killed in a motorcycle accident on 20 April in San Cristobal. [Summary] [Santo Domingo LISTIN DIARIO in Spanish 21 Apr 85 p 2 FL]

SURINAME

GOVERNMENT CRISIS RESOLVED BY REALIGNMENT

PM301757 Amsterdam DE VOLKSKRANT in Dutch 27 Apr 85 p 5

[ANP dispatch: "Surinamese Government Crisis Resolved"]

[Text] Paramaribo -- The Surinamese Government crisis which arose at the beginning of this month when the trade union federations withdrew their ministers from the cabinet has been resolved. Army leader Desi Bouterse's cabinet chief, Henk Herrenberg, announced this in Paramaribo yesterday. Two of the three trade union federations which left the Udenhout government have returned in a new formation. These are the Moederbond and the Public Servants Organization Central Council [CLO]. The C-47 trade union federation will not be returning to the cabinet. Herrenberg announced that a new partner in the government will be the Federation of Surinamese Industry and Commerce (VSB). At the end of last year, because of dissatisfaction with the division of ministerial posts and seats in the National Assembly, this organization refused to participate in the cabinet and the assembly. The cabinet now comprises the Moederbond, the CLO and Progressive Employees Organization [PWO] union federations, the VSB, the military authorities, and the Surinamese Manufacturers' Association. The crisis arose 4 April when three of the four trade union federations withdrew their ministers from the cabinet.

COUNTRY JOINS OAS NATURE, WILDLIFE CONVENTION

FL301951 Bridgetown CANA in English 1804 GMT 30 Apr 85

[Excerpt] Washington, April 30, CANA -- Suriname today became the 19th member country of the Organisation of American States (OAS) to adhere to the convention on nature protection and wild life preservation in the Western Hemisphere. Suriname's Ambassador to the OAS Donald A. McLeod today deposited the convention's instrument of ratification during a ceremony held in the office of OAS Secretary General Joao Clemente Baena Soares. McLeod said that as a member of the inter-American convention Suriname will continue to cooperate on all levels with other American states in the protection and preservation of the South American flora and fauna.